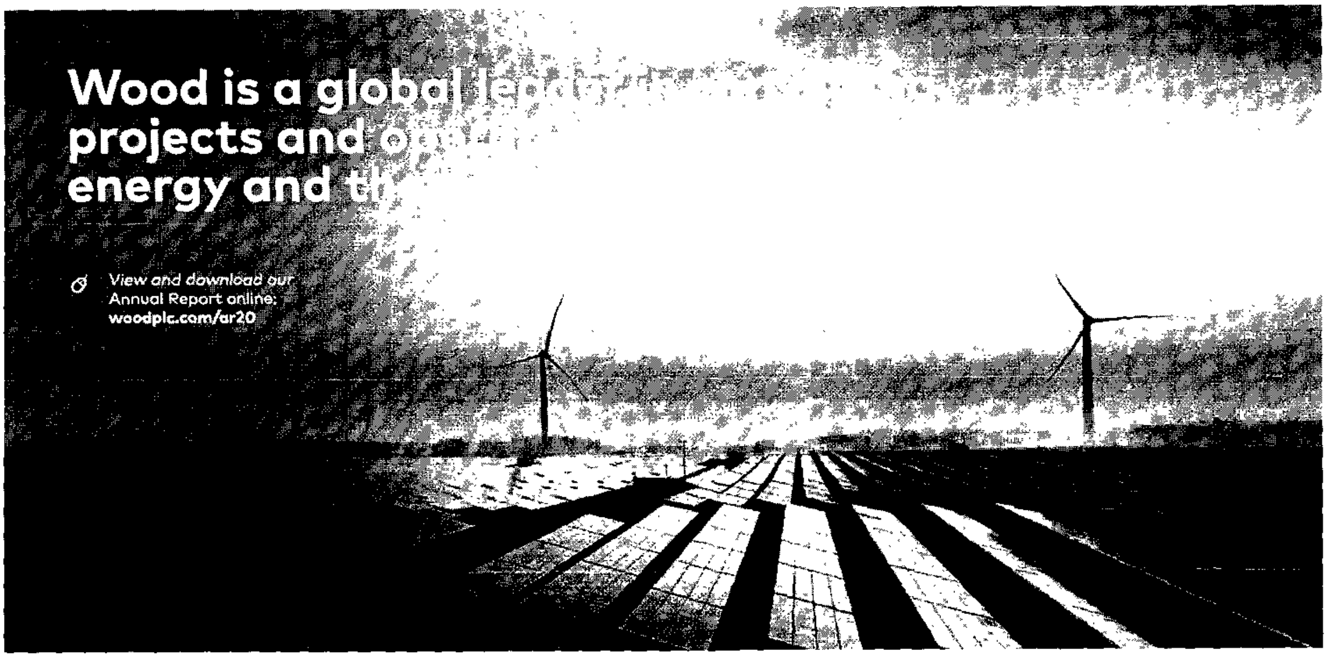
wood.

John Wood Group PLC
Annual Report and Accounts 2020

Unlocking solutions to the world's most critical challenges.



Contents

Full year results for the year ended 31 December 2020

Revenue

$7,564m (2019: $9,890m) ▼ 23.5%

Revenue (on a like for like basis)[1]

$7,488m (2019: $9,386m) ▼ 20.2%

Adjusted EBITDA[2]

$630m (2019: $855m) ▼ 26.3%

Adjusted EBITDA margin

8.3% (2019: 8.6%) ▼ 0.3%

Adjusted EBITDA (on a like for like basis)[1]

$616m (2019: $795m) ▼ 22.5%

Adjusted EBITDA margin (on a like for like basis)

8.2% (2019: 8.5%) ▼ 0.3%

Operating profit before exceptional items

$214m (2019: $411m) ▼ 47.9%

Operating (loss)/profit

$(33)m (2019: $303m) movement: n/a

(Loss)/profit for the year

$(228)m (2019: $73m) movement: n/a

Basic EPS

(34.1) cents (2019: 10.7 cents) movement: n/a

Adjusted diluted EPS[3]

23.2 cents (2019: 46.0 cents) ▼ 49.6%

Net debt excluding leases[4]

$1,014m (2019: $1,424m) ▼ 28.8%

Order book[5]

$6,524m (2019: $7,898m) ▼ 17.4%

Resilient performance from strategic broadening across energy and built environment markets

Actions to reduce cost, protect the balance sheet & generate strong cashflow enabled margin protection and net debt reduction. Financial focus in 2021 on margins and cash generation.

Highlights

Strategic broadening benefitting revenue resilience

- Resilient performance in unprecedented trading conditions underpinned by breadth of exposure across energy and built environment markets
- Revenue of $7.6bn down 23.5% (Revenue on a like for like basis of $7.5bn, down 20.2%)
- Significant reduction in conventional energy activity mitigated by strength in built environment, growth in renewables and relatively robust revenues in process & chemicals

Successfully protected margin through early action on cost

- Strong EBITDA margin delivery; adjusted EBITDA margin 8.3% (2019: 8.6%) reflecting strong operational delivery in ASEAAA and TCS offset by substantially lower margins in ASA
- Leveraged flexible model to take early and decisive action to protect margin; improved operational utilisation and delivered c$230m overhead savings with an exceptional cost to achieve of c$100m
- Adjusted EBITDA of $630m and operating profit before exceptionals of $214m in line with January trading update

Delivering a significant reduction in net debt

- Net debt excluding leases reduced by $410m to $1.01bn at 31 December 2020 (31 December 2019: $1.42bn and 30 June 2020: $1.22bn), benefitting from disposal proceeds from portfolio optimisation, steps taken to protect cashflow and improved working capital performance
- Net debt excluding leases : adjusted EBITDA (excluding IFRS 16) of 2.1x[4] (31 December 2019: 2.0x and 30 June 2020: 2.0x). Covenants at 3.5x
- Considerable financial headroom: undrawn facilities of $1.74bn and revolving credit facility extended to May 2023
- Prioritising balance sheet strength; no dividends proposed in respect of FY 2020

Differentiated ESG and sustainability approach to maintain sector leading position

- Committed to maintaining our position as leaders in our field on ESG matters
- New targets announced for the delivery of our purpose, sustainability, inclusion & diversity, fair working practices and community and environmental impact
- Committed to reduce scope 1 and 2 emissions by 40% by 2030, on our journey to net-zero
- Strong third-party recognition: awarded AA "Leader" rating from MSCI for sixth consecutive year
- Delivering innovative solutions for energy transition and sustainable infrastructure: recently awarded evaluation scopes for the decarbonisation of industrial clusters and the supply of domestic hydrogen
- Leadership incentivisation aligned to delivery of future ESG & sustainability targets

Accelerating our medium-term strategy: the Future Fit programme

- 18 month programme of initiatives to unlock stronger medium-term growth, deliver efficiency and create value
- Optimising our operating model - simplifying to three global business units; Consulting, Projects and Operations
- Efficiency savings of c$40m in 2021, with costs to deliver of c$30m
- Organising our business to deliver solutions for a net-zero future and a more sustainable, resilient and liveable world
- New Chief Operating Officer role, established to drive consistent global predictable execution outcomes, commercial innovation and digital delivery

Approaching resolution on legacy investigations

- Discussions concerning the resolution of investigations by the SFO and authorities in the US, Brazil & Scotland are at an advanced stage
- Anticipation that all matters will be settled at an aggregate cost of $197m, including $46m provided in 2019. Additional provision of $151m booked in 2020. Cash settlement expected over the period of 2021-2024

Outlook

Order book reflects macro conditions & tendering approach with improving award momentum in late Q4

- Order book at 31 December $6.5bn; 67% to be delivered in 2021, typical at this point in the year
- Order book down c17% on 2019 reflecting macro conditions and discerning bidder approach
- Progression in order book reflects expectations of strength in built environment, robustness in renewables and lower project awards in conventional energy and process & chemicals
- Improving momentum in new awards in late Q4 2020; December order book up c5% on November
- Short cycle order book combined with opportunity pipeline at pre-Covid 19 levels, supporting expectation of swift acceleration in awards as markets recover

Order book evolution; evolving towards lower risk, higher margin consultancy

- Strategic positioning, differentiation and strong client relationships key to winning work
- Increasing proportion of order book from consultancy work, particularly in built environment

2021 financial focus: EBITDA margin improvement & cashflow

- Expectation of lower activity and a continued focus on improving margin
- Margin improvement will be driven by maintaining high utilisation, improved project execution and operational and efficiency improvements, including $40m from Future Fit, to offset lower activity. Reversal of temporary savings will be offset by the FY impact of 2020 savings. Business mix more orientated towards consultancy will also benefit margin
- Cash generation to benefit from unwind of customer advances not repeating, partly offset by some investigation settlements and increased capex related to investment in digitalisation

See detailed footnotes on page 33

Wood is a global leader in consulting and engineering across energy and the built environment.

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 pullthrough 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**.

A global business of significant *breadth and scale*

c39k
people

60+
countries

160+
year history

c$8bn
revenue

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

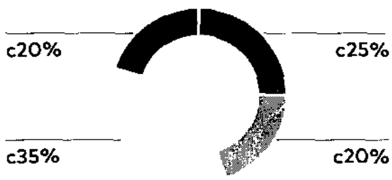
Three service lines:

Consulting | Projects | Operations

Two end markets:

Energy | Built environment

End market breakdown:



Energy: c80%

- *Renewables & other energy c25%*
- Process & chemicals c20%
- Conventional energy c35%

Built environment:

- Sustainable infrastructure c20%

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

We provide consulting, projects and operations solutions helping to unlock solutions to some of the world's most critical challenges.

Our organisational structure

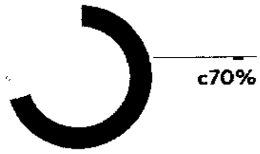
Asset Solutions (AS)

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).

Read more on pages 24 and 25

Revenue:

$5.4bn



Key services:

Projects

Project management & delivery
Engineering design
Construction

Operations

Asset optimisation
Modifications
Maintenance

End market breakdown:

Energy: c75%

- Renewables & other energy c25%
- Process & chemicals c30%
- Conventional energy c40%

Built environment:

- Sustainable infrastructure c5%

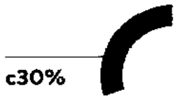
Technical Consulting Solutions (TCS)

Providing the innovative thinking and the delivery excellence needed to maximise value at every stage of the asset life cycle, utilising high value, consulting capabilities aimed at solving complex technological challenges.

Read more on page 26

Revenue:

$2.1bn



Key services:

Consulting

Specialist engineering
Infrastructure development
Environmental consulting

End market breakdown:

Energy: c45%

- Renewables & other energy c30%
- Process & chemicals c5%
- Conventional energy c10%

Built environment:

- Sustainable infrastructure c55%

ASA

Revenue

$2.9bn

Service breakdown:

ASEAAA

Revenue

$2.5bn

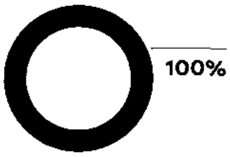
Service breakdown:

TCS

Revenue

$2.1bn

Service breakdown:



- Consulting
- Projects
- Operations

Optimising our operating model in 2021

In 2021 our operational focus is on ensuring our business is fit for accelerating the pace of the energy transition and the drive towards more sustainable infrastructure. We are optimising our operating model and further digitalising the way we work to accelerate our strategy and to unlock stronger medium-term growth.

As part of this we have simplified our organisational structure to align to our service defined operational model, moving to three global business units: **Consulting, Projects** and **Operations**. This organisational change will be reflected in our business unit reporting for the 2021 financial year.

We create value by delivering differentiated consultancy and engineering solutions throughout the asset life cycle across energy and built environment markets.

Inputs

Performance driven and innovative solutions

Capabilities levered to structural growth in energy transition and sustainable infrastructure

See pages 06 and 07

Talented, flexible and motivated workforce

See page 48

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

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Sustainability strategy aligned with UN goals

See page 18

Our purpose:

Unlocking solutions to the world's most critical challenges.

Four primary trends shape our markets and drive our strategy:

Energy transition
Engineering solutions for a net-zero future

Sustainable infrastructure
Capabilities to enable more sustainable and resilient living, including the planning, design, build and operation of connected and resilient infrastructure

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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.

Our five medium-term priorities:

Targeting margin improvement to accelerate growth

Optimise and standardise service delivery model to achieve exceptional execution

Rationalisation and positioning of portfolio to optimise our service and market mix aligned to our strategic objectives

Our culture:

Our vision

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

Our values

Care
Commitment
Courage

Our clearly defined purpose and strategy, underpinned by our culture, is fundamental to sustaining value over the longer-term.

Our strategic objective:

To be a premium, differentiated high margin consulting and engineering business delivering exceptional results for our clients, our team, the communities in which we work and our investors.

Future skills
Developing inclusive, agile and high-performing teams to accelerate value for Wood and our clients

Technology & digitisation
Utilising technology to create future-ready industry through optimising asset performance and digital innovation

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 individual 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.

Technology differentiation through internal R&D, strategic partnerships and scalable solutions

Improved risk/reward on contracts in line with balanced risk appetite

Our behaviours

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

To find out more visit: **woodplc.com/values**

Value outputs

For investors
- Share price appreciation
- Reduced cyclicality through broad industry exposure

For our people
- Rewarding careers and focus on retention
- Creating a workplace where the different backgrounds, experience and expertise are welcomed and celebrated

People

39,000+

Read more on page 48

For clients
- Best-in-class delivery, consistently
- 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 matched funding & community support

c£160,000

Read more on page 54

Our strategy in action

Unlocking solutions for the accelerating pace of energy transition and the drive for sustainable infrastructure

Delivering innovative solutions to build a healthier, cleaner planet underpinned by low carbon energy systems and sustainable, resilient infrastructure.

Visit our energy transition hub:
woodplc.com/energy-transition

Innovating clean energy solutions

We have a long track record of developing innovative clean energy solutions across a range of renewables and future fuels. In 2020, we successfully contributed to the early phase of a world first project to generate green hydrogen, that is hydrogen from renewable sources, that will be used to heat homes in Scotland.

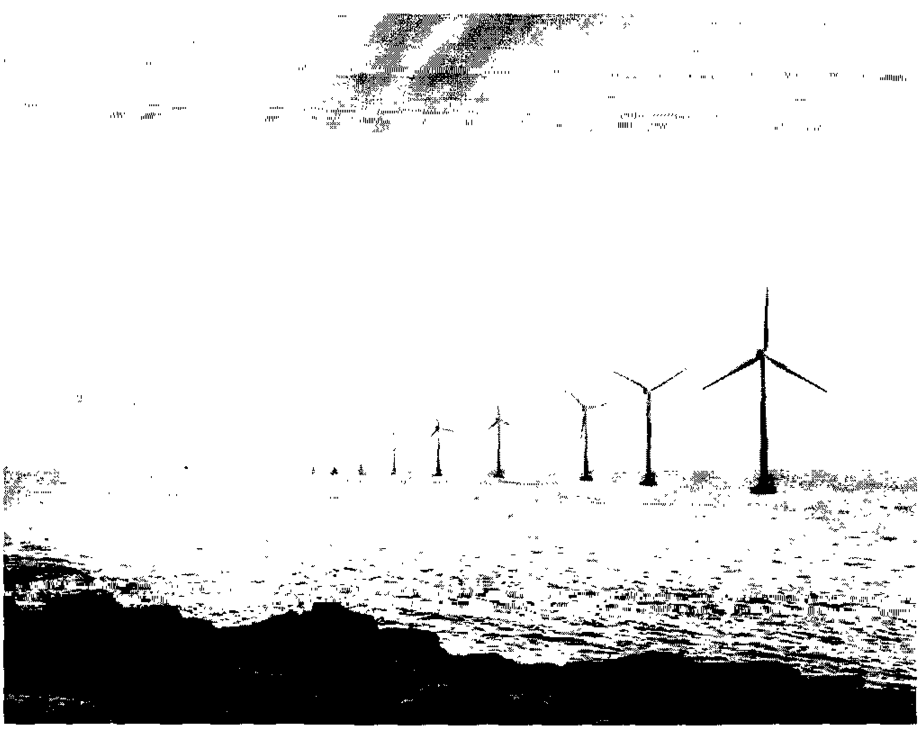
Wood partnered with gas network operator SGN, providing technical feasibility and preliminary engineering design services for its innovative Hydrogen 100 project. On completion, SGN's project will be the first of its kind to employ a direct supply of offshore wind renewable power to produce green hydrogen to heat up to 300 homes. When powered by renewable energy, the generation and burning of hydrogen produces no carbon, making it one of the most effective, scalable ways of providing heating while tackling climate change.

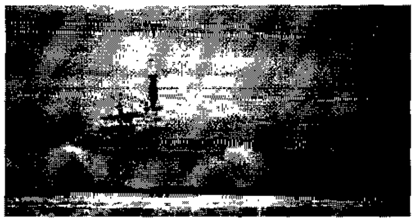
With over 60 years' experience in hydrogen technology, production and end use, and our significant renewables and infrastructure expertise, we were well-positioned to support SGN with this ambitious project. We brought together a multi-disciplinary team from across our business including environmental planning, geographical mapping, visualisation, process and pipeline engineering, renewables and hydrogen power experts to deliver a turnkey solution for SGN.

1st
project of its kind

Zero
carbon emissions

300
homes powered initially





Driving sustainability in conventional energy

Wood is utilising its expertise in engineering modifications to upgrade offshore facilities to help conventional oil & gas clients to reduce emissions and realise their decarbonisation ambitions. In 2020, we partnered with a North African operator to end routine flaring on its facilities. The existing assets have no means of capturing produced gases and it is estimated that flaring at the site is resulting in the release of the equivalent of four million tonnes of CO2 every year.

In a collaborative approach with the client's operational experts, our integrated team of engineers and designers completed the front-end engineering design to deliver a feasible technical solution to capture the produced gases offshore and stabilise them for export via a subsea pipeline. It is anticipated that the annual greenhouse gas emission savings from this project are equivalent to the decarbonisation benefits of over 850 wind turbines, making this one of the world's largest CO2 flare reduction projects. With the FEED now complete, it is recognised that success was borne out of a collaborative and strong relationship with the client to deliver a quantifiable difference to the economics and sustainability of their operations.

One
of the world's largest CO2 flare reduction projects

4 million
tonnes of CO2 emissions saved per year

850
wind turbines equivalent decarbonisation benefit

Engineering solutions for a net-zero world

We are delivering the concept selection and early design for the UK's Humber Zero project. This project aims to create a zero-carbon industrial cluster and will form a significant element of the UK's industrial decarbonisation strategy and broader goals to reach net-zero by 2050.

Our scope is to develop a masterplan for three sites that make up one third of the Humberside industrial cluster. By applying state-of-the-art carbon capture technology across all the industrial sites, we will capture and treat up to 8m tonnes of CO2 per annum for permanent storage in the geological formations below the UK North Sea, with a target for this to increase to 40m tonnes of CO2 by 2040.

We are applying our industry leading, multi-sector technical expertise to develop a plan involving several complementary technologies, including the use of renewable power to generate green hydrogen through electrolysis, generation of blue hydrogen with integrated carbon capture, and post-combustion carbon capture from existing stacks. The intention is that this will ultimately produce hydrogen power for over one million homes in the Humber area.

The concept will help reduce carbon emissions from power and petrochemical facilities, create a sustainable platform for industrial growth and economic development, and meet the UK's ambitious decarbonisation targets.

8 million

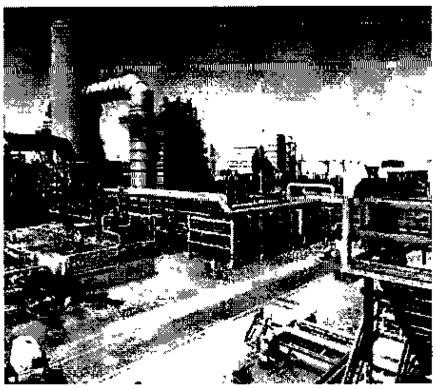
tonnes CO2 captured and stored per annum, increasing to:

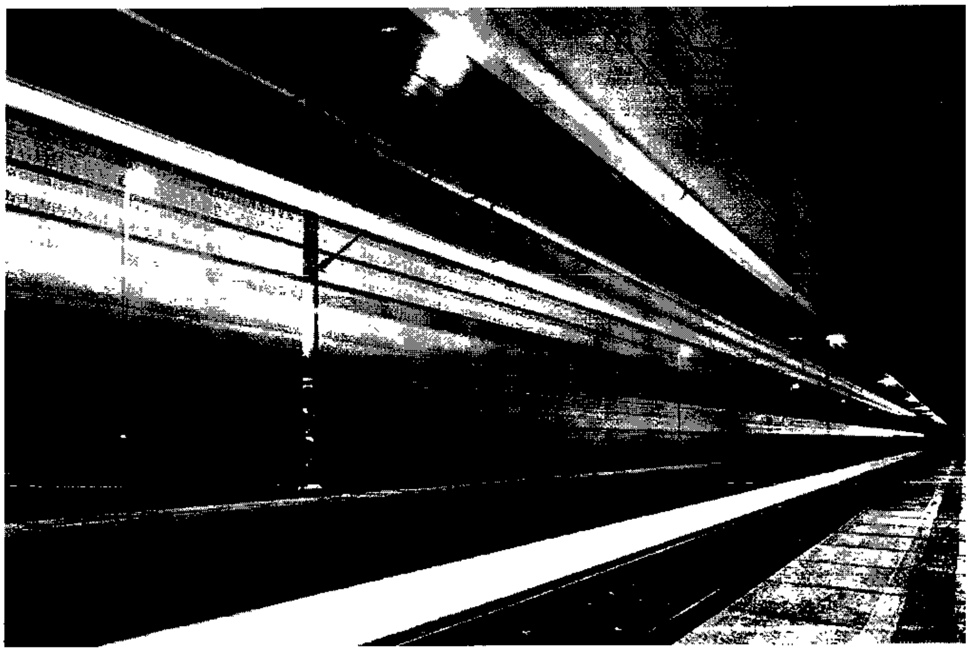
40 million

tonnes CO2 reduction per annum by 2040

1 million

homes to be powered by hydrogen





Supporting leading sustainable infrastructure development

Wood is continuing its role as a key partner in support of Ontario's bold plans to improve urban mobility by increasing capacity and upgrading its transit network.

In 2020, we were awarded six new contract awards from Metrolinx, the regional public transportation agency, that are essential to the ongoing growth and upgrade of the province's transit network. Our work supports the delivery of one of the largest infrastructure programs in North America which is seeking to create an integrated transportation system that connects more communities, while supporting a higher quality of life, a more prosperous economy and a healthier environment.

We are applying our sustainable infrastructure capabilities, including our specialised environmental, geotechnical and design expertise, to lead the design of two bridge projects: Rouge River, which involves the structural rehabilitation of an approximately 120 year old railway bridge to enhance its resilience and extend its service life; and, the design for replacement of the Birchmount Bridge to achieve additional track capacity and future system electrification.

At any one time, we are working on 20 to 30 projects related to major capital expansion or infrastructure enhancements for this impressive undertaking which already services a population of nearly 8 million people across more than 11,000 square kilometres of Ontario. The agency's goal is to eventually run faster, more energy efficient electric trains and increase weekly trips by over 300%, from 1,500 to more than 6,000.

20-30

active projects at any one time

8 million

population serviced by the network

300%

target increase in weekly journeys

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.

We build strong, constructive relationships through regular stakeholder engagement. We welcome the different perspectives of our diverse stakeholders, who often represent competing interests. Considering their insights and opinions enables robust and sustainable 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 to ensure that we create inclusive, agile and high-performing teams. 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 49.

Areas of engagement and outcomes

The Company carries out quarterly global employee pulse surveys in addition to an all employee global survey which is carried out bi-annually. These surveys ask what we do well and what could be done better. In addition, during 2020 regular surveys were conducted to seek feedback on our flexible working arrangements and how we could better support our employees' wellbeing.

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

Employee surveys and Listening Group Network

Feedback from the employee surveys 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 matters raised and outcomes of engagement can be found on page 49

Board engagement with leaders & high potential employees

The Board usually 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. Unfortunately, due to Covid-19 challenges during 2020, these physical meetings have not taken place, but established mentoring relationships have continued.

Enhancing employee connection

Feedback from our employees highlighted that there was room for improvement in how connected they feel to the wider Wood community. In response to this we introduced three new employee engagement toolkits in 2020 which have received extensive positive feedback from our people:

- A leadership channel to inform our leaders and provide resources to support regular, effective engagement with their teams. These resources enable our leaders to connect with employees directly, giving them timely updates about the business. The channel provides regular updates to leadership with call recordings, slide decks and briefings that can be shared with their teams
- Our "We Belong" blog campaign to provide our people with the opportunity to have a voice, share their stories and experiences of their time at Wood, and connect as a community
- Our new Wood News site that drives two way engagement with employees and improves the user journey

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 Chief Financial Officer (CFO) and supported by the Investor Relations team. Our main engagement activities include:

- Meetings or calls 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 regarding the Directors' Remuneration Policy

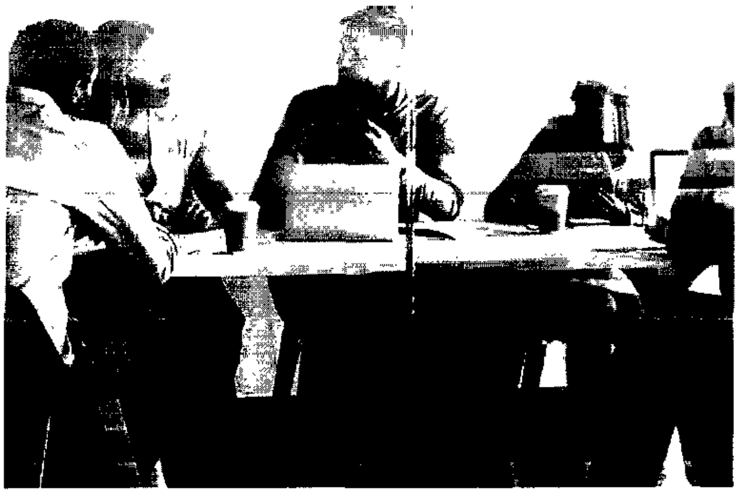
With our lenders a mixture of formal and informal meetings and presentations are held. Key topics include financial performance, strategy and risk management. Presentations are given to our banks and US Private Placement Investors after the half year and full year results are announced to update them on financial performance and give them the opportunity to ask further questions.

Areas of engagement and outcomes

In addition to routine engagement on financial performance, strategy delivery and governance, during 2020 we undertook engagement on certain specific matters as detailed below together with resulting outcomes and actions.

Decisive actions taken in response to Covid-19
In 2020 we undertook engagement between significant shareholders and the Chair. The engagement focused on Wood's actions in response to Covid-19, as announced on 2 April, including the decision to withdraw the final dividend for 2019. This enabled shareholders to understand the rationale for the swift and decisive actions taken and gave the Board insight into investors' views on dividends to factor into consideration around future dividend policy.

Reflecting shareholder feedback in Directors' Remuneration Policy
In March 2020, the Board reviewed and approved a new Directors' Remuneration Policy after undertaking extensive engagement with shareholders and listening to the views of the workforce through the employee Listening Group Network and employee engagement surveys. The outcome of the engagement resulted in a Directors' Remuneration Policy for executive directors that is designed in line with the philosophy and principles underpinning remuneration throughout the organisation but more heavily weighted to variable pay to ensure longer-term alignment with shareholder expectations.



The Board also gave consideration to the shareholder experience when considering the 2019 outcomes for the Long Term Incentive Plan (LTIP) and Annual Bonus Plan (ABP). In view of the share price performance the Board applied its discretion and reduced the executive directors' participation levels for LTIP and the ABP outcome. Shareholders were informed of the discretion applied and provided with the opportunity to engage with the Chair of the Remuneration Committee.

Maintaining our leading position with enhanced Environment, Social and Governance (ESG) disclosure
Through engagement with investors and ESG rating agencies we were better able to understand their information requirements around ESG matters. As a result we enhanced disclosure of our strategic approach to ESG matters in our results announcements and presentations and on the investor pages of our website. This enables investors to better assess our non-financial performance and in December 2020 we retained our AA Leader rating with MSCI for a sixth consecutive year.

Ensuring continued support of lenders to deliver credit facility extension
We undertook engagement with our lenders in order to extend an existing revolving credit facility.

Wood's $1.75bn revolving credit facility was due to mature in May 2022 and given market volatility during the Covid-19 pandemic, the Board decided to extend the existing facility for one year rather than enter a new facility with a longer-term. We engaged with all 21 of the banks lending under the syndicated revolving credit facility, and received the continuing support of 17 of those banks, agreeing to participate in the extension with only a modest increase in pricing. $1.5bn of the $1.75bn facility was therefore extended to May 2023.

Wood has always endeavoured to maintain and develop long-term relationships with its banks and the continued support of our banks was evident at the time of the revolving credit facility extension.

Clients

The Company's long-term success is underpinned by our clients and consistent, best-in-class delivery that is aligned to our clients' requirements. To achieve our purpose of unlocking solutions to the world's most critical challenges, we listen to our clients to make sure we are leveraging our scale, global reach, and leading technical services.

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 main engagement was managed face-to-face prior to Covid-19 and remotely during the pandemic. 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 best-in-class 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.

Developing strategic partnerships

Through engagement between leaders at Wood and their counterparts at BP we were able to revolutionise our long-standing relationship. Our client relationship with BP in the North Sea was typical of the operator-supplier model that is standard in the oil & gas industry, with the operator defining the scope of work and the supplier delivering solutions as defined.

With a shared frustration around this model and an ambition to approach things differently we undertook our CoLab process which enabled us to co-identify over 200 opportunities to improve the way we execute work both onshore and offshore. A dedicated team has been formed to develop solutions aimed at increasing efficiency, productivity and reducing costs and the success of this project in the UK has led to a more extensive roll out of similar projects globally by BP.

As a result of client engagement, we have developed a more collaborative strategic partnership that unlocks the capabilities of both organisations to achieve exceptional solutions and have established innovative commercial models that offer reward for delivery based on value added.

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) to manage relationships with strategic suppliers at an enterprise level.

Areas of engagement and outcomes

We review a number of KPIs/performance measures (e.g. Health, Safety, Security & Environment (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.

During 2020, a quarterly Wood Upstream Contractor Health, Safety, Security & Environment Assurance (HSSEA) forum was established in order to discuss HSSE issues and share best practice on an ongoing basis, with subcontractors invited to participate and present. A key focus area is to ensure contractor management is robust and meets with Wood expectations of best-in-class safety performance. This new forum has been well received by the subcontractors.

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.

Carbon emissions reduction target

We recognise the need to minimise our own environmental impact and in 2020 we engaged with a third party specialist with a view to establishing a carbon reduction target. The specialist validated our 2019 emissions data to form a baseline for our reduction targets and validated our proposed target itself against the requirements of the Science Based Target Initiatives standards. As a result, in June 2020 we were able to announce our commitment to reduce our scope 1 and 2 carbon emissions by 40% by 2030. This will be achieved without the use of carbon offsets.

In addition, as a part of this engagement we were able to understand our scope 3 emissions, including those from our data centres, to establish a baseline and our aim going forward is to set an additional target focusing on these emissions.

We participate in the annual voluntary Carbon Disclosure Project (CDP) questionnaire, which is fully aligned to the recommendations of the Task Force on Climate-related Financial Disclosures. Our involvement in the scheme allows us to benchmark our performance against that of our industry peers and global business community. This has helped to inform our approach to climate change issues and in 2020 we improved our disclosure score of B (from C in 2019) reflecting that we are taking coordinated action on climate issues.

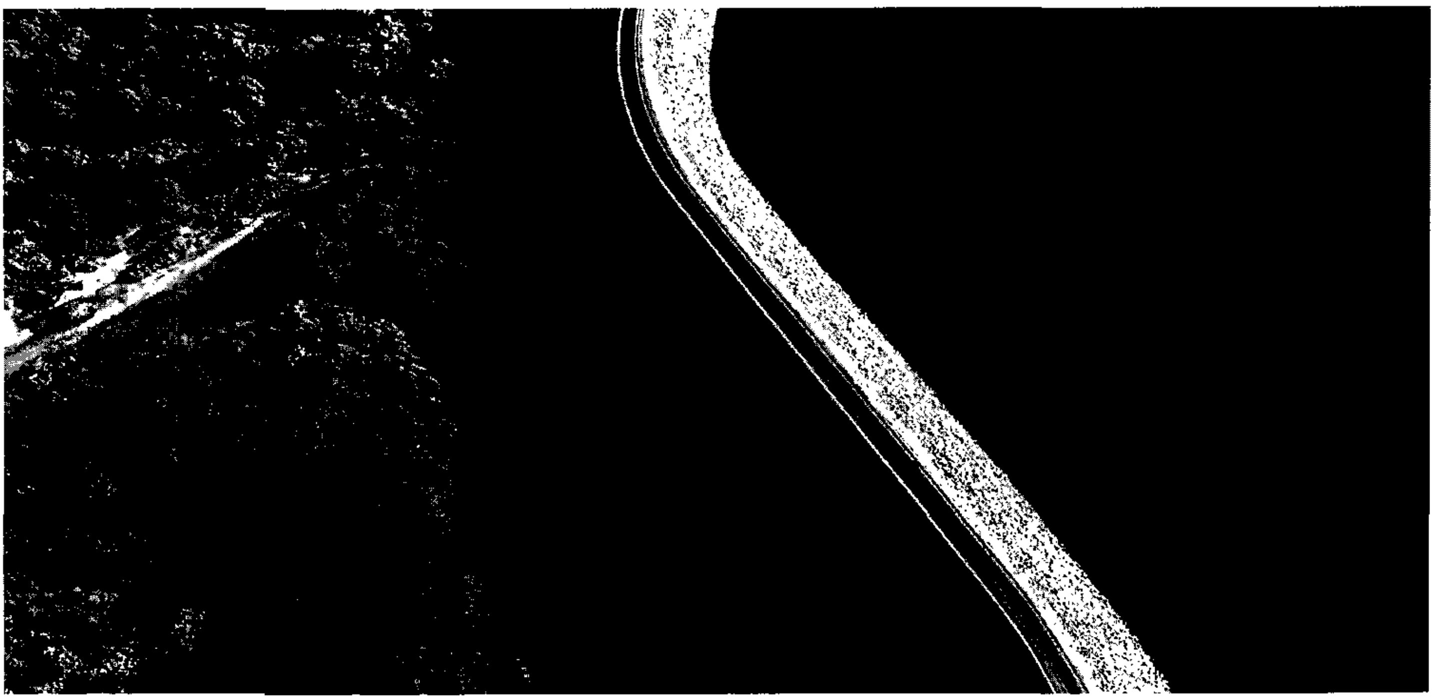
We continue to partner with 100 Resilient Cities (100RC), a global programme aimed at providing urban centres around the world with access to innovative tools that allow them to better plan for potentially destructive weather events. Through our work with 100RC we have been able to provide safe and sustainable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

During 2020, we established a set of targets to measure our performance against our sustainability strategy, including targets related to managing our environmental impact. Reflecting the importance of our sustainability programme, delivery against these targets is embedded in bonus and long-term incentive plans for our executive and leadership team.

Read more on our sustainability targets on page 18

Read more on our approach to environmental management on pages 42 to 47

Read our 2020 sustainability report: **woodplc.com/sustainability**



Community

Our activities put us at the heart of local communities and as a community partner, we recognise our responsibility to respect, nurture and empower the people and places we impact.

How we engage

Our community investment programme provides the framework for community engagement consisting of:

- *Matching our employees' fundraising efforts,*
- Strategically uniting our people around a single Global Cause, and
- Placing a focus on the actions we take through volunteering time, skills and expertise.

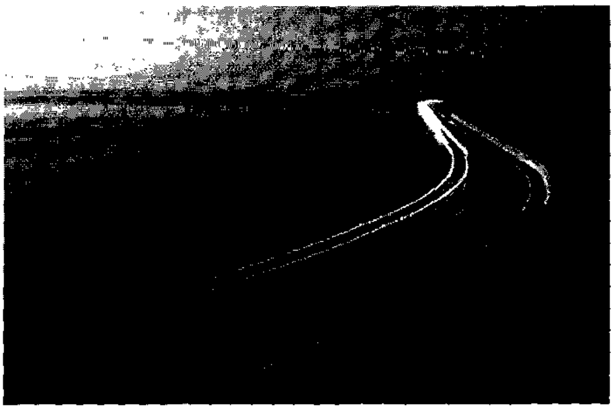
Areas of engagement and outcomes

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.

Further details on the outcome of community activities are on pages 54 to 57

Adapting our approach during the pandemic

Covid-19 social distancing measures affected many of our employees' planned activities, with the majority being cancelled or postponed, which in turn reduced the number of matched funding applications in 2020. Recognising that this would have an impact on our communities, we changed our approach. Through global communications, we engaged with our employees to understand the needs of their communities and to determine how we could support in other ways. As a result, instead of matched funding our community fund provided support through employee nominated donations.



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. In 2020 we carried out a nomination process which resulted in a new member nominated trustee, who is a current member of the Plan. The Company also has company nominated trustees and in 2020 appointed the previous pensions director, who retired during the year, to one of these positions. 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 Wood on company performance.

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 and taking into account 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. This is best achieved through proactive and effective engagement. In making the following principal decisions the Board considered the outcomes 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 12

Response to Covid-19 pandemic

The Board recognised the seriousness of the Covid-19 pandemic at an early stage, together with its potential to negatively impact on the long-term success of the Company. The Directors engaged with the workforce, clients, its brokers and lenders and with shareholders in order to mitigate any negative impacts where possible.

Engagement with the workforce was undertaken via the Listening Group Network and a global pulse survey with a focus on wellbeing and support. Feedback from employees resulted in an extensive suite of policies and procedures including travel updates, safe working advice and FAQs published on a dedicated page on the group intranet. The workforce was also consulted during the development of the "safe return to the workplace" strategy to ensure employees' personal circumstances and needs were considered as far as possible. The workforce was kept informed of developments in Government advice, and the Company's response to that advice, via email and prominent articles on the group intranet.

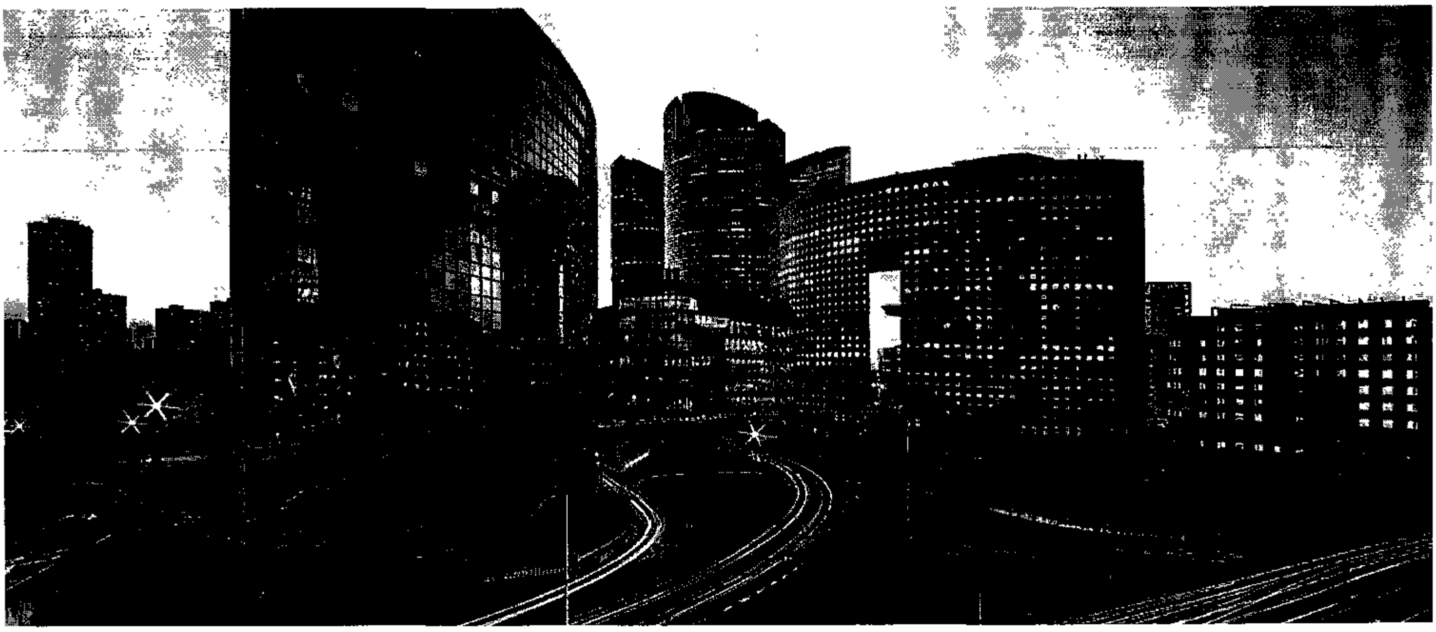
Clients were consulted to ensure that, where applicable, Wood employees would continue to work safely at their sites, supporting vital services globally.

The Chief Executive and CFO engaged with significant shareholders with engagement also undertaken by the Chair. The CFO also engaged with lenders. These stakeholder groups expressed support for the action taken by the Company with respect to voluntary salary reductions, employee support and the withdrawal of dividend payments.

Covid-19 resulted in the Company's principal risks being revised during the year with the revised list being agreed by the Board. Separate Covid-19 risk registers have been maintained by the Crisis Management Team and by each of the Business Unit Incident Management Teams since March 2020 with the intention to maintain these risk registers until the Covid-19 risk is considered to be sufficiently well controlled.

The Board considered the need to retain the skills and expertise of our workforce and the interests of wider stakeholder groups including governments when considering the use of Government Covid-19 support in the locations Wood operates in. As a result, reliance on such support including furlough schemes and short-term deferral of certain social security and pension contributions has been modest in the context of our overall workforce.

The Board continued to monitor the impacts of the pandemic as it developed and the Company's response through participation in regular update calls with the Crisis Management Team. The Board believes that the decisions it made, and subsequent actions, maintained the Company's reputation for high standards and its culture of caring for its employees, supported Wood's strategy and mitigated any potential negative impact the Covid-19 pandemic might have on the long-term success of the Company.



Dividends - withdrawal of final 2019 and 2020 interim payments

In March 2020 the Board considered the withdrawal of its recommendation of a final dividend for 2019 in light of the impact from Covid-19 and the volatility in oil prices. The Board consulted with the Company's brokers to determine the likely views of the equity markets. The Board also took feedback from employees and the Company's lenders.

The outcome of this engagement was a clear majority view from stakeholders that the focus should be on preserving capital and ensuring balance sheet strength and the Board made the decision to withdraw their recommendation of payment of a final dividend for 2019

Following an announcement on 2 April on Wood's actions in response to Covid-19, including the decision to withdraw the final dividend for 2019, the CFO and Investor Relations team undertook engagement with significant shareholders, with engagement also undertaken by the Chair. This enabled shareholders to understand the rationale for the actions taken and gave the Board insight into investors' views on dividends to factor into consideration around future dividend policy.

At the August 2020 Board meeting, the Board carefully considered the best way to support the business and stakeholders while uncertainty arising from Covid-19 and oil price volatility persisted. The Board concluded that the focus on balance sheet strength should remain and as such it was not appropriate, or in the best interests of the Company and stakeholders, to recommend the payment of an interim dividend for 2020.

Both of these decisions were prudent and appropriate and balanced any negative impact on shareholders by protecting cash flow and earnings, ensuring continued balance sheet strength and preserving long term value.

The Board considers the dividend to be an important component of shareholder return, and meeting shareholder dividend expectations continues to be a high priority. The Board is committed to reviewing the future dividend policy once there is greater clarity on the impacts of Covid 19 and the significant levels of oil price volatility.

New Directors' Remuneration Policy

A Directors' Remuneration Policy must be presented to shareholders for approval in general meeting every three years. In March 2020, the Board reviewed a new Directors' Remuneration Policy and recommended that it be presented to shareholders for approval at the 2020 annual general meeting, being the third anniversary of the existing policy.

The decision to recommend the new Directors' Remuneration Policy to shareholders was taken after extensive engagement with shareholders and being mindful of shareholder expectations in respect of executive pay and guidelines produced by relevant advisory bodies such as the Investment Association. The views of the workforce were also listened to through the employee Listening Group Network and employee engagement surveys.

The outcome of the engagement resulted in a Directors' Remuneration Policy for executive directors designed in line with the philosophy and principles underpinning remuneration throughout the organisation but more heavily weighted towards variable pay than for the wider workforce, so ensuring longer-term alignment with shareholder expectations.

For more information on remuneration see pages 96 to 120

Divestment of industrial services business

In February 2020 we announced the sale of our industrial services business. The Board considered the divestment would contribute to the long-term success of the organisation as a whole by progressing Wood's portfolio optimisation strategy as it focuses on premium, differentiated, higher margin activities. In addition, proceeds from the disposal would reduce debt and benefit progress towards our target leverage policy.

Furthermore, the Board took the view that divesting business to a purchaser who was committed to investing in its business assets, infrastructure and employees would be in the best interests of the industrial services business.

Staff briefings were held led by the wider leadership team with careful planning and communication to employees seen as important for managing the impact on Wood's culture.

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.

Refinancing of revolving credit facility

The Board engaged with Rothschild & Co, who are considered to be independent of the Company's current bankers, to develop recommendations with respect to a one year extension of the term or potential refinancing of the Company's revolving credit facility which was due to mature in May 2022.

In June 2020 the Board considered those recommendations and it was agreed that adding one year to the facilities is in line with current Covid-period market practice. The Board recommended exploring an interim maturity extension with existing lenders.

We engaged with all 21 of the banks lending under the syndicated revolving credit facility, receiving support of 17 of those banks, agreeing to participate in the extension with only a modest increase in pricing. In light of the Company's considerable financial headroom and liquidity and lower debt requirement, the facility will step down in May 2022 from $1.75bn to $1.5bn and remain at that level until the extended maturity date of May 2023.

Setting of greenhouse gas emission reduction targets

Prior to defining Wood's carbon emissions reduction target, research was conducted on our stakeholder expectations and ambitions, including a review of our investors, clients, competitors and partners. Taking the results of this research into account, the Board approved a target to reduce Wood's scope 1 and 2 emissions by 40% by 2030. Engagement was undertaken with an independent third party to progress target validation through the Science Based Target initiative (SBTi) and help develop Wood's evidence pack for SBTi submission. The SBTi is a UN collaboration providing companies with a process to align carbon targets to the Paris Agreement's goal of limiting temperature rise to well-below 2°C and 1.5°C scenarios. Through our engagement with the independent third party specialist, the Board was able to ensure that the target set would put Wood on a trajectory well beyond the expectations of the Paris Agreement.

In its decision making the Board considered the impact of this on external stakeholders. It was clear that client decarbonisation ambitions are evolving, and the Board believes that Wood plays a vital role in addressing climate change through the technical solutions it provides to clients. These solutions include wind, solar, carbon capture and storage, hydrogen, and waste to energy, as well as solutions to help oil, gas and chemicals clients achieve their own decarbonisation targets. They also include work in the built environment, designing, planning and delivering sustainable and less carbon-intensive infrastructure, as cities continue to grow.

Recognising this role and the Company's obligation to protect the environments and communities it operates in, the Board considered it appropriate to set an emissions reduction target to ensure the Company is accountable for minimising its own environmental footprint.

Key performance indicators

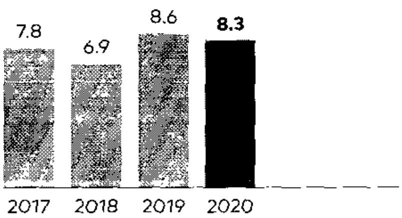
Measuring our performance

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.

Financial*:

Adjusted EBITDA margin

%



Adjusted EBITDA margin demonstrates our ability to convert revenue into profit before exceptional items.

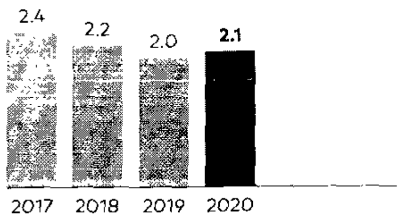
2020 performance:
Adjusted EBITDA margin reduced slightly during the year despite the impact of Covid-19 and oil price volatility on activity levels. Adjusted EBITDA margin performance was driven by strong operational delivery and significantly improved margins in ASEAAA and TCS, reflecting the benefit of maintaining operational utilisation at high levels and the delivery of overhead reductions. This was offset in part by cost overruns and delays on a small portfolio of Process and Energy projects in ASA.

Target:
In line with our strategic objective to be a premium, differentiated high margin business we have committed to a medium-term adjusted EBITDA margin improvement target of 100 basis points from the 2019 level of 8.6%.

*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.

Net debt: adjusted EBITDA ratio

times



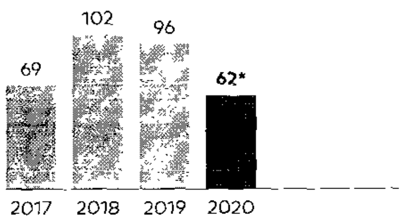
The net debt: adjusted EBITDA ratio measures our ability to service our debt. For the purposes of the ratio net debt is stated excluding liabilities related to leases (including those recognised under IFRS 16). Adjusted EBITDA is stated before the impact of IFRS 16. This measure of net debt: adjusted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

2020 performance:
Net debt reduced by $410m in the year benefitting from disposal proceeds from portfolio optimisation, steps taken to protect cashflow and improved working capital performance. Although net debt reduced, the net debt to adjusted EBITDA ratio increased slightly due to the impact of Covid-19 and oil price volatility on earnings.

Target:
Our target leverage policy is a net debt: adjusted EBITDA ratio of 1.5 times although it is recognised that this is a medium-term target.

Cash conversion

%



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

2020 performance:
Cash conversion reduced compared to 2019 primarily due to the expected unwind of advance payments as large EPC contracts progress to completion.

*For 2020 onwards cash conversion is calculated as cashflow from operations divided by adjusted EBITDA (excluding JVs), on a post-IFRS 16 basis.

For further detail on the factors that can affect cash conversion see page 31

Linking our KPIs to our strategy

"Being a premium, differentiated high margin business delivering exceptional returns for our clients, our team, our investors, and the communities in which we work."

❶ Being a premium, differentiated high margin business delivering for our clients

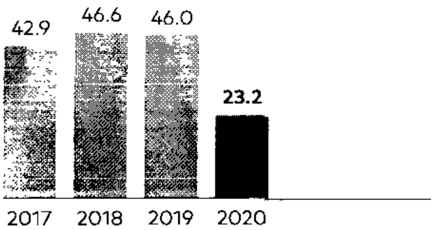
❷ Delivering for our team

❸ Delivering for our investors

❹ Delivering for our communities

Adjusted diluted EPS (AEPS) ❸

cents

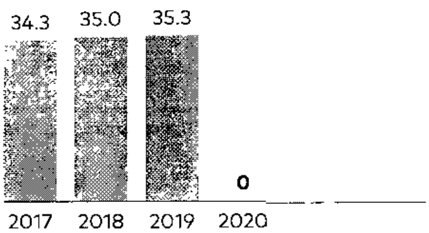


Adjusted diluted EPS represents earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of shares during the year.

2020 performance:
AEPS reduced in the year mainly due to the impact of Covid-19 and oil price volatility on earnings.

Dividend per ordinary share ❸

cents



The share of AEPS distributed to shareholders.

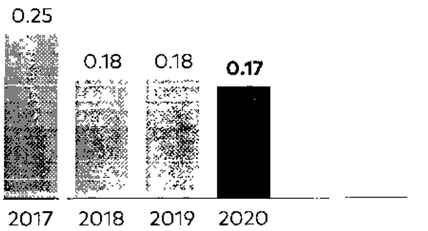
2020 performance:
In light of the uncertainty around the enduring impacts of Covid-19, throughout 2020 the Board has focused on ensuring balance sheet strength and protecting cashflows. As a result the Board considers it prudent not to pay dividends for 2020.

For more information on our financial performance see pages 27 to 33

Safety:

Total recordable case frequency (TRCF) ❷❹

per 200,000 work hours



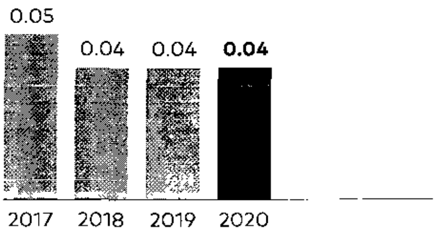
We aim to deliver the highest standards of health and safety. Total recordable case frequency is the total of lost work cases, restricted work cases and medical treatment cases, per 200,000 work hours.

2020 performance:
In total there were 118 total recordable incident cases across the business, whilst this represents 31% fewer injuries than the previous year, regrettably there were two fatalities in 2020 (see page 35). Our 2020 TRCF performance of 0.17, improved compared to 2019 but did not meet our target for a 10% reduction to 0.16. Whilst our performance for the first half of the year was on target, it dipped in the second half due to the impact of Covid-19 with travel restrictions reducing the amount of on-site engagement and assurance activity together with the impact of furloughed staff returning to sites after prolonged absence from the workplace.

Target:
Our target is for a 10% improvement in Total Recordable Case Frequency from the 2019 level of 0.18.

Lost work case frequency (LWCF) ❷❹

per 200,000 work hours



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

2020 performance:
Our LWCF remained in line with 2019 at 0.04. In total there were 25 lost time incident cases across the business with one person suffering life changing injuries. This represents 15 fewer injuries than the previous year.

For more information on our safety performance see pages 35 to 38

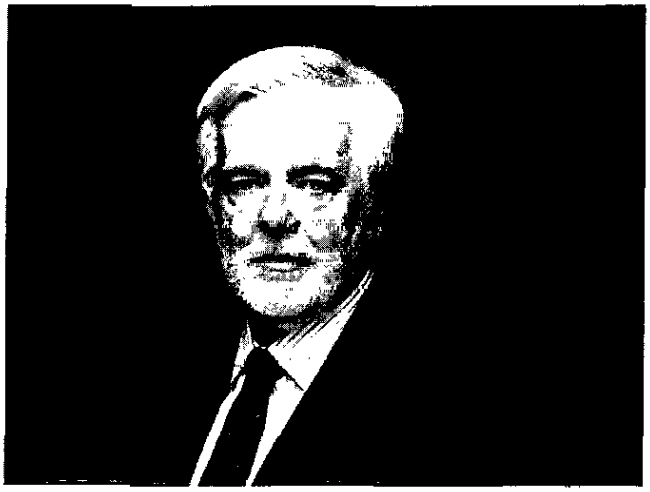
Measuring our sustainability performance

Our goal is to be leaders in our field in environmental, social and governance (ESG) matters and sustainability.

Through our purpose of unlocking solutions to the world's most critical challenges and our actions to embed a culture which retains talent, develops trusted business relationships and ensures we make a positive impact on the environment and communities we share, we believe we are building a sustainable and responsible business. In 2020, Wood committed to a set of targets to measure our performance against our sustainability strategy and our goal to be leaders in our field. Our sustainability targets are aligned to certain of the UN Sustainable Development Goals as indicated in the table.

	Our aim:	Our goals:	2020 progress:
Delivering our purpose	**To be trusted to solve the challenges of our changing climate and developing populations**	Consistently ranked in the Top Quartile ESG investment ratings within our sector group by 2025	Awarded "AA Leader" rating from MSCI in 2020 for a sixth consecutive year, within the top 13% for Energy Equipment & Services.
		Doubling client support aligned to the energy transition and more sustainable infrastructure by 2030	In 2020, we have continued to analyse and develop our business strategy aligned to energy transition and sustainable infrastructure and have strengthened our sustainable development services team in our consulting business with the recruitment of a Senior Vice President of Sustainable Development.
Developing an inclusive & diverse workforce	**To recognise, welcome and celebrate diversity of thought, experience and background to find our boldest solutions and nurture our talent**	To improve gender balance with 40% female representation in senior leadership roles by 2030	In 2020, female representation in senior leadership roles was 31% (2019: 30%). We are also committed to ensuring ethnic diversity and in 2021 we will take steps to improve ethnicity reporting in major hubs, where legally possible, to enable specific targets to be set.
		To educate and inspire 100% of our colleagues to be inclusive every day, by 2021	In 2020, we developed and implemented a conscious inclusion webinar for the Board, ELT and senior global leaders. In 2021, our focus will be on delivering conscious inclusion awareness training to all employees.
Managing our environmental impact	**To take responsibility for the impact of the work we do and how we deliver it on the planet we share**	To reduce Wood's scope 1 and 2 carbon emissions by 40% by 2030 on our journey towards 'net-zero', from a baseline of 179,587 tonnes CO_2e in 2019	In 2020, our scope 1 and 2 carbon emissions were 159,276 tonnes CO_2e. This is a reduction of 8% from 2019, contributed in part by the impacts of Covid-19. The reduction was achieved without the use of carbon offsets.
		To ensure all Wood offices are single use plastic free by 2025	Strategy and working group established to set out a roadmap to achieving our target through company led and employee led initiatives. In addition, our consulting business has been engaged to conduct the baseline analysis.
Embedding fair working practices through our business partnerships	**To work fairly, transparently and ethically through the trusted partnerships we create**	100% of Wood labour suppliers sign up and comply with the Building Responsibly Principles by 2025	In 2020, we have been working with Building Responsibly to create a toolkit to support the implementation of the Principles. We have developed guidance and gap analysis tools and have worked with IPIECA on the development of training materials. IPIECA is the global oil and gas industry association for advancing environmental and social performance and is the industry's principal channel of engagement with the United Nations. We have also initiated a working group with our supply chain function to develop the strategy and roadmap for delivery of the target.
		100% of our suppliers have Building Responsibly Principles embedded into their supply chains by 2030	
Positively impacting on the communities we operate in	**To lift up the communities around us using our energy and expertise to improve lives**	To contribute $10 million to our Global Cause by giving our time, energy, resources and funding by 2030	In 2020, we initiated strategic partnerships and relationships with charities which support our Global Cause, including the Prince's Trust, and developed and implemented communication programmes designed to promote our Global Cause amongst our employees.

Chair's statement



"In 2020, Wood continued to deliver on its clear strategic focus for the delivery of longer-term growth from positioning as a premium, differentiated, high margin business, whilst also responding to the impacts of the global pandemic. The Board provided oversight of the response to the Covid-19 pandemic, with a focus on ensuring the safety and wellbeing of employees, continued client delivery, reducing cost and protecting the balance sheet."

Roy A Franklin
Chair

During 2020 the global engineering and consultancy market faced unique and unparalleled challenges from Covid-19 and volatility in oil prices.

Wood entered 2020 with a clear strategic focus to deliver longer-term growth from positioning as a premium, differentiated, high margin business, with the right capabilities and broad end market exposures to unlock solutions for the energy transition and the drive towards sustainable infrastructure. The executive and leadership team continued to deliver the strategy whilst also responding to the impact of the challenges and uncertainty created by the global pandemic. The Board supported the executive and leadership team by providing oversight of Wood's response to the Covid-19 pandemic, with a focus on ensuring the safety and wellbeing of employees, continued client delivery, reducing cost and protecting the balance sheet.

The full year results reflect the strong strategic, financial and operational focus of the leadership team in an unprecedented trading environment. Revenue resilience reflects the benefits of Wood's broad end market exposure and adjusted EBITDA margin was successfully protected. Actions taken to protect cashflows and ensure balance sheet strength, including voluntary salary reductions by the Board, executive directors and senior leaders, and the withdrawal of dividend payments, together with progress on portfolio optimisation, have delivered a significant reduction in net debt.

While the enduring impacts of Covid-19 continue to be uncertain, Wood's focus on balance sheet strength remains and this is fully supported by the Board. In line with our approach at the interim results, the Board considers it prudent not to pay a 2020 final dividend. The Board recognises the importance of dividends to shareholders and is committed to reviewing the future policy once there is greater clarity on the longer-term impact of Covid-19 and increased end market stability.

As the pace of the energy transition and the drive towards sustainable infrastructure accelerates, Wood is well positioned to deliver solutions for a net-zero future and to advance the efforts for a more sustainable, resilient and liveable world. The next phase in the delivery of the medium-term strategy outlined in 2019 will be underpinned by a focus on unlocking growth opportunities; creating value through digitalisation and investment in future skills, and delivering efficiency through execution excellence. Alongside this, our goal of continued leadership in our field in ESG matters will be delivered through our measurable sustainability programme that is embedded in our leadership incentivisation plans.

Wood is committed to maintaining a strong ethical culture, with a focus on continuous improvement. During 2020, the Board continued to provide oversight to the investigations by the relevant authorities into the historic use of agents and is pleased with the progress made towards reaching agreements that would represent resolution of all of these matters.

Whilst short-term challenges remain in some of our markets, looking further ahead there is a positive outlook as the global economy recovers. The Board is confident in the Group's ability to accelerate delivery of the strategy and unlock stronger medium-term growth opportunities.

Roy A Franklin
Chair

Chief Executive review

"Our resilient financial performance in 2020 was underpinned by our strategic positioning across broad end markets and flexible business model. We saw growth in renewables activity, strength in the built environment and relatively robust revenue in process & chemicals and we continued to win work, against the challenging backdrop of Covid-19 and oil price volatility. Our decisive actions, focused on the health & safety of our people, delivering for our clients, reducing cost, protecting the balance sheet and generating strong cashflow, underpinned delivery of strong margins and a significant reduction in net debt.

Looking ahead, we are pleased to be nearing resolution of the legacy investigations so that we will be able to draw a line under them and while near-term headwinds remain in 2021, we saw improving momentum in awards in late Q4 and are encouraged by the medium-term outlook for our markets. To ensure our business is fit for the accelerating pace of energy transition and the drive towards more sustainable infrastructure, we are today announcing programmes to unlock stronger medium-term growth, deliver efficiency and create value."

Robin Watson
Chief Executive

Overview

In 2020, we benefitted from the delivery of our strategy to broaden our consulting, projects and operations business across diverse energy and built environment markets, against the backdrop of unprecedented trading conditions due to the impacts of Covid-19 and oil price volatility. As a result of our clear strategic focus, differentiated capabilities and strong customer relationships we continued to win and execute work across our broad end markets. The flexibility of our business model and our focus on controlling what we can control enabled us to take early and decisive actions in response to dynamic market conditions which focused on the health and safety of our people, delivering for our clients, reducing cost, protecting the balance sheet and margins and generating strong cashflows. The results of our actions are reflected in our resilient financial performance for the year.

Financial performance: revenue resilience, strong margin delivery, significant net debt reduction

Our 2020 full year results reflect relative revenue resilience in the c65% of our portfolio focused on the built environment; renewables & other energy; and process & chemicals. Through our proven ability to leverage our asset light model, we successfully protected our margin, delivering an adjusted EBITDA margin of 8.3%, broadly in line with the 2019 level. Our actions to protect cashflows and ensure balance sheet strength, together with excellent progress on our portfolio optimisation strategy during the year, are reflected in the delivery of a significant reduction in net debt and the maintenance of strong liquidity levels.

Leading in our field on sustainability and ESG

During the year we have focused on maintaining our position as leaders in our field in environmental, social and governance matters and sustainability. Our progress in this area has been recognised by the leading rating agencies with MSCI recently awarding Wood an AA "Leader" rating for a sixth consecutive year.

The health, safety and wellbeing of our people has been a key focus throughout the year. By the start of April we had over 40,000 of our people successfully working remotely and we implemented a number of resources to ensure our leaders had the appropriate tools and guidance to stay connected with their teams.

Our success in ensuring the wellbeing of our people was recognised in extensive positive feedback from our employees. Whilst we delivered an improved safety performance with Total Recordable Case Frequency (TRCF) down compared to 2019 and 31% fewer injuries, regrettably there were two fatalities in 2020 and independent investigations have been carried out to establish root causes and organisational learnings from these tragic events.

During the year, we established targets to enable the measurement of the stakeholder benefits of our clear purpose and strategy aligned to unlocking solutions for the energy transition and drive for sustainable infrastructure. In addition, to formalise our accountability we have established targets for inclusion and diversity, fair working practices and for our impact on communities and the environment. Reflecting the importance of our ESG & sustainability programme, delivery against these targets is embedded in bonus and long-term incentive plans for our leadership team.

Our targets include:

- Consistently maintaining our top quartile ESG investment ratings in our sector
- Doubling client support aligned to the energy transition and drive for sustainable infrastructure by 2030
- Improving our gender balance with 40% female representation in senior leadership roles by 2030
- A commitment to a 40% reduction in our scope 1 and 2 carbon emissions by 2030, on our journey to net-zero
- Strengthening our human rights governance following the issue of our Modern Slavery and Human Trafficking 2020 statement. Our target is to embed fair working practices through our business partnership, with 100% of our labour suppliers signing up to and complying with the principles of Building Responsibly by 2025
- Impacting positively on the communities we operate in by contributing $10m to our Global Cause, quality education, by 2030 through giving our time, energy and resources

By establishing measurable sustainability goals we continue to differentiate ourselves from our peers and ensure we maintain our position as leaders in our field.

Our commitment to maintaining a strong ethical culture underpins the way we do business. We have progressed discussions for the possible resolution of the investigations by the SFO and by the authorities in the US, Brazil and Scotland to a point where we believe it is likely to be able to settle all the relevant matters, so that we will be able to draw a line under these legacy issues. We will take forward any learnings through our continuous improvement approach to ethics and compliance.

Accelerating our medium-term strategy: the Future Fit programme

In 2019 we set out our strategy to be a premium, differentiated, high margin business, delivering exceptional returns for our stakeholders aligned to our purpose of unlocking solutions to the world's most critical challenges. It is clear that the events of 2020 have acted as a catalyst that will accelerate global priorities on energy transition and sustainable infrastructure as industries and governments seek to 'build back better'. As we enter 2021, we are organising our business for the delivery, at pace, of solutions for a net-zero future and to advance the efforts for a more sustainable, resilient and liveable world. We will do this through our Future Fit programme which is an 18 month programme to accelerate our strategy and is underpinned by initiatives to unlock stronger medium-term growth, deliver efficiency and create value.

Unlocking growth:
We are optimising our operating model, moving to three global business units; Consulting, Projects and Operations. This simplified model is aligned to our service offering and emphasises to our clients, our full "green-to-green" asset lifecycle solutions. Organising ourselves in this way will unlock growth opportunities across our business globally, in markets where we are differentiated by our solutions and capabilities, by removing internal barriers and complexities to give us the agility to be more responsive to our clients' needs. This organisational change will be reflected in our business unit reporting for the 2021 financial year.

Delivering efficiency:
As a diversified business, ensuring consistent, best-in-class delivery for our clients is key to achieving our strategic objectives. We have created an Operating Committee led by Dave Stewart in a new Chief Operating Officer (COO) role focussed on excellence in delivery, operational assurance and achieving consistent operational outcomes. Driving consistency and standardising our operations will enable us to leverage efficiencies including increased utilisation of our High Value Engineering centres and will provide the foundation to embed digital ways of working.

Creating value:
Leveraging our established partnerships, we will invest in solutions to enhance our digital capabilities and digitalise the way we work. This will enable commercial innovation that focuses on the value we deliver to clients rather than traditional commercial models and transform our delivery by bringing greater efficiency and reducing risk. By investing in future skills planning and accelerating our approach to employee development, we will ensure the right people are in the right roles for today and tomorrow, creating value for our people, clients and wider stakeholders. This means a focus on talent retention and attraction, developing a high-performance culture and promoting inclusion and diversity in our workforce.

With our medium-term margin target of 9.6% at its core, we expect Future Fit to generate structural improvements. Although the majority of the benefits will be in 2022, these include a $40m in year benefit in 2021 from efficiency savings, with anticipated costs to deliver of c$30m and capital expenditure relating to investment in digitalisation. Further details of additional benefits will be shared as the programme progresses.

I am excited by the potential in this acceleration of our strategy and the opportunities to unlock stronger medium-term growth, create value and deliver efficiency.

Business review

Revenue

$7,564m (2019: $9,890m) ▼ 23.5%

Revenue (on a like for like basis)[1]

$7,488m (2019: $9,386m) ▼ 20.2%

Adjusted EBITDA[2]

$630m (2019: $855m) ▼ 26.3%

Adjusted EBITDA margin

8.3% (2019: 8.6%) ▼ 0.3%

Adjusted EBITDA (on a like for like basis)[1]

$616m (2019: $795m) ▼ 22.5%

Adjusted EBITDA margin (on a like for like basis)

8.2% (2019: 8.5%) ▼ 0.3%

Operating profit before exceptional items

$214m (2019: $411m) ▼ 47.9%

Operating (loss)/profit

$(33)m (2019: $303m) movement: n/a

(Loss)/profit for the year

$(228)m (2019: $73m) movement: n/a

Basic EPS

(34.1) cents (2019: 10.7 cents) movement: n/a

Adjusted diluted EPS[3]

23.2 cents (2019: 46.0 cents) ▼ 49.6%

Net debt excluding leases[4]

$1,014m (2019: $1,424m) ▼ 28.8%

Order book[5]

$6,524m (2019: $7,898m) ▼ 17.4%

Trading performance

Breadth of energy and built environment market exposure delivering relative resilience in revenue

Our 2020 full year results demonstrate the benefits of our strategy to broaden our capabilities across diverse energy and built environment markets and our ability to leverage our asset light operating model. We have seen relative resilience in the c65% of our end market revenue which is derived from renewables & other energy (c25%), process & chemicals (c20%) and the built environment (c20%). Conventional energy markets represented c35% of revenue (2019: c40% on a like for like basis) and were very challenging.

Revenue of $7.6bn was down c24% on 2019. On a like for like basis, adjusting for the disposals of the nuclear and industrial services businesses in Q1 2020, revenue was down 20%. This reflects significantly reduced revenue in conventional energy which accounted for 70% of the 20% reduction, partly offset by strength in the built environment, growth in renewables revenue which doubled to c$520m, and relatively robust revenue in process & chemicals.

Successfully protecting margin: *flexible model enabling early and* decisive action on cost

We delivered adjusted EBITDA of $630m in line with guidance and successfully protected margin. Adjusted EBITDA margin of 8.3% (2019: 8.6%) was driven by strong operational delivery and significantly improved margins in ASEAAA and TCS. Margin performance in ASEAAA and TCS reflects the benefit of improving operational utilisation and the delivery of overhead reductions, including the acceleration of strategic margin improvement initiatives committed to in our Capital Markets presentation in 2019. This was partially offset by cost overruns and delays, including those as a result of Covid-19, on a small portfolio of energy projects in our Process and Energy business which led to substantially lower margins in ASA.

Operating profit before exceptional items of $214m is stated after depreciation of $180m and amortisation of $228m (2019: $244m).

The impact of exceptional costs net of tax of $283m (2019: $127m) has generated an operating loss of $33m, largely driven by an additional provision of $151m in respect of possible settlement of investigations. Exceptional costs also include $101m of redundancy and restructuring costs related to our actions to deliver overhead savings, a $20m impairment charge mainly related to a non-core business now disposed, together with non-cash costs in respect of asbestos of $20m as a result of lower bond rates significantly reducing discount rates. These were partly offset by gains on disposal of the nuclear and industrial services businesses of $59m. Further details of exceptional items, including asbestos, are included in the Financial Review.

Delivering significant overhead reductions at pace

In line with the timing of the macro challenges of Covid-19 and volatility in the oil price, we took swift action to reduce overhead costs at the start of Q2 with many of the actions required to deliver the savings complete by the end of H1. As a result of these actions, and the acceleration of strategic margin improvement initiatives, we have delivered c$230m in overhead savings. The exceptional cost of achieving these savings was $101m. The majority of these were recognised in H2 contributing to a stronger second half margin performance. The actions taken in H1 to deliver cost savings comprise a combination of temporary measures and more structural adjustments, such as headcount reductions, and include:

- Voluntary salary reductions. The Board, executive directors, senior leaders and others elected to take a temporary 10% reduction in base salary effective from 1 April 2020 for 9 months.
- Headcount reductions, temporary furloughing, reduced working hours, unpaid leave, lower bonus costs and operational salary reductions.
- Other overhead cost reductions including the stoppage of discretionary spend, travel costs and increased utilisation of shared service centres and high value engineering centres.

Salaries have been re-instated to previous levels with effect from 1 January 2021, as anticipated. Overall, we expect around two-thirds of the $230m of overhead savings are structural and will endure into 2021, with the full year impact of actions taken in 2020 largely offsetting the reversal of temporary savings.

Net debt and cashflow

Delivering a significant reduction in net debt: portfolio optimisation and commitment to target leverage

Net debt excluding leases reduced by $410m to $1.01bn at 31 December 2020. This compares to net debt excluding leases at 31 December 2019 of $1.42bn and $1.22bn at 30 June 2019. The ratio of net debt excluding leases to adjusted EBITDA (pre IFRS 16) at 31 December 2020 was 2.1x (31 December 2019: 2.0x).

We made excellent progress on our portfolio optimisation strategy during the year. The reduction in net debt includes the benefit of disposal proceeds in respect of our industrial services and nuclear businesses, and our interest in TransCanada Turbines (TCT), which totalled $455m.

Our actions to protect cashflows and ensure balance sheet strength included the withdrawal of dividend payments and the implementation of capex reductions and reduced discretionary spend.

Our strong focus on working capital management delivered an improved performance, offset by the expected impact of the unwind of advance payments of $277m. Cash generation in the year also benefitted from lower cash outflows on provisions of $45m (2019: $216m) and the temporary benefit of government payment deferral schemes.

Cash exceptional costs of $115m (2019: $74m) consist of redundancy and restructuring costs of $80m, utilisation of pre-IFRS 16 onerous lease provisions ("onerous leases") of $21m and investigation support costs of $11m. Cash generated from operations (excluding the impact of leases) was $181m (2019: $591m) reflecting the impact of the movement in advance payments.

We remain committed to a strong balance sheet and achieving our target leverage of below 1.5x net debt to adjusted EBITDA on a pre-IFRS 16 basis.

Strong liquidity and significant financial headroom

We have considerable levels of financial headroom and liquidity. At 31 December 2020 undrawn facilities were $1.74bn compared to total financing facilities of over $3bn. Facilities include bilateral term loans of $300m, a revolving credit facility of $1.75bn and US private placement debt of c$880m. The bilateral facilities have a maturity date of May 2022. In October 2020 we extended the maturity of our main revolving credit facility to May 2023, the current $1.75bn facility will step down to $1.5bn in May 2022 in light of our lower debt requirement. The US private placement debt has a variety of maturity dates between 2021 and 2031 with first maturity of $77m in late 2021 and the majority weighted to later dates. Covenants are set at 3.5x pre-IFRS 16 EBITDA.

Update on investigations

Discussions concerning the possible resolution of the investigation by the UK Serious Fraud Office (SFO) and by the authorities in the US, Brazil and Scotland have progressed to the point where the Group now believes that it is likely to be able to settle all of the relevant matters at an aggregate cost of $197m. This amount, which includes the amount of $46m provided for in 2019, has been reflected as a provision in the financial statements (see note 20 and contingent liability note 33). We anticipate that an agreement with the Scottish authorities will be finalised shortly and that the settlement of the other investigations will be finalised, subject to court approvals, during Q2 2021. It is expected that approximately $70m of the settlement amounts will be payable in 2021, with the balance payable in instalments in 2022, 2023 and 2024.

Outlook

Order book progression and visibility

Order book at the end of December was $6.5bn, with 67% due to be delivered in 2021, which is typical at this point in the year. Reflecting our measured risk appetite, c75% of order book is reimbursable. The shape of our order book also reflects the short cycle nature of our business with workscopes booked an executed on a monthly basis. Our short cycle model combined with our opportunity pipeline that has returned to pre-Covid 19 levels, supports our expectation of a swift acceleration in awards and bidding activity as markets recover.

The progression of our order book, down 17% from December 2019, reflects macro conditions in our end markets. Despite improving commodity pricing we have seen delays to larger conventional energy awards and deferral of investment decisions in process & chemicals being partly offset by strength in the built environment and robustness in renewables. Although the enduring impacts of Covid-19 remain uncertain, we have seen some signs of markets stabilising in the second half of 2020 and improving momentum in awards at the end of the year; order book at December is up c5% on November. Recent awards include engineering, procurement and construction (EPC) work for an ethylene expansion project in China, late life asset solutions for a UK gas field and engineering and project management support for onshore assets in Iraq.

Order book evolution: increasing proportion from lower risk, higher margin consultancy

Our strategic positioning for the energy transition and sustainable infrastructure, combined with our differentiation and strong customer relationships is evident in the profile our order book. In 2020, we secured new work including EPC work for GSK, onshore wind and solar EPC awards in the US, an LNG renewal in Asia Pacific, three new oil & gas scopes with Equinor, an evaluation of the decarbonisation of industrial clusters in Scotland, utilising carbon capture and storage and hydrogen technologies, and a study for the supply of domestic hydrogen in Australia. As a result, our order book is evolving with an increasing proportion from lower risk, higher margin consultancy work, particularly in the built environment.

Financial focus in 2021: EBITDA margin improvement and free cash flow

Overall, we expect lower activity in 2021. In Consulting we expect robust activity levels driven by continued strength in built environment activity, particularly in the US. Activity in Projects will be down driven by the larger YCI and GCGV contracts in process & chemicals rolling off and new awards in process & chemicals and conventional energy being limited to smaller, early stage scopes, offset in part by resilience in renewables. We expect strength in Operations work driven by robust demand in conventional energy and growth in process & chemicals. Details of 2020 revenue and adjusted EBITDA recalculated as if the new operating model were in place from 1 January 2020 are included in the Financial Review for illustration purposes.

Our financial objective in 2021 will continue to be improving EBITDA margin towards our medium-term objective of a 100bps improvement compared to the 2019 level of 8.6%.

Margin improvement will be driven by maintaining high utilisation, improved project execution and operational and efficiency improvements to offset lower activity. Our Future Fit initiative will contribute efficiency savings of $40m. The reversal of temporary savings will be offset by the full year impact of 2020 savings. Our business mix more orientated towards consultancy will also benefit margin.

Cash generation in 2021 will benefit from reductions in restructuring and reorganisation costs in exceptional items and the impact of the unwind of advance payments rolling off, offset in part by an anticipated outflow in respect of some investigation settlements and the reversal of the temporary benefit of government payment deferral schemes. Capital expenditure is expected to increase as we invest in digitalising the way we work as part of the Future Fit programme. Overall, we expect good operational cash generation in 2021.

Asset Solutions Americas

Revenues are down around 26% on 2019 reflecting relative strength in capital projects activity in process & chemicals and higher renewables activity in both solar and wind work, being more than offset by challenging market conditions in conventional energy.

While adjusted EBITDA margins benefitted from improved utilisation and cost reduction initiatives, they are significantly down on 2019. This was due to further operational challenges and delayed delivery on a small portfolio of energy projects in our Process and Energy business, due in part to Covid-19 and unfavourable weather. Results within Process and Energy are around $50m lower than 2019. The delayed Process and Energy projects are expected to complete in the first half of 2021.

Order book

Order book is $1.4bn with $1.1bn due to be delivered in 2021. Order book is down c41% compared to December 2019 and down c27% compared to H1 2020 reflecting the progression towards completion on larger process & chemicals capital projects in 2020 and lower conventional energy activity, partially offset by resilience in renewables.

Revenue

$2,902m

(2019: $3,894m) ▼ **25.5%**

Revenue (on a like for like basis)[1]

n/a

(2019: n/a) movement: n/a

Adjusted EBITDA

$92m

(2019: $238m) ▼ **61.3%**

Adjusted EBITDA margin

3.2%

(2019: 6.1%) ▼ **2.9%**

Adjusted EBITDA (on a like for like basis)[1]

n/a

(2019: n/a) movement: n/a

Adjusted EBITDA margin (on a like for like basis)

n/a

(2019: n/a) movement: n/a

People[8]

11,200

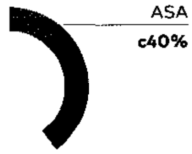
(2019: 16,300) ▼ **31.3%**

Order book[5]

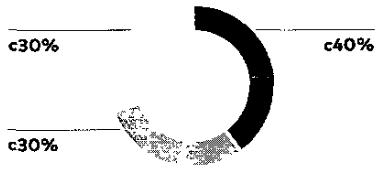
$1,447m

(2019: $2,468m) ▼ **41.4%**

% of Revenue:



Markets:



Energy: 100%

- Renewables & other energy c40%
- Process & chemicals c30%
- Conventional energy c30%

Built environment:

- Sustainable infrastructure

Asset Solutions Europe, Africa, Asia & Australia

Revenue was down around 22%. *On a like for like basis*, adjusting for the disposal of the industrial services business, revenue was down c17% on 2019 reflecting lower activity on conventional energy and process & chemicals projects.

Like for like adjusted EBITDA, excluding the impact of the disposal of the industrial services business and our interest in TransCanada Turbines, is broadly in line with 2019 despite lower revenues. Excellent operational execution, the benefits of our focus on utilisation and our swift actions on overhead cost reduction combined to deliver a very strong adjusted EBITDA margin performance, up 210 bps on 2019. Adjusted EBITDA on a like for like basis in our turbine joint ventures also improved.

Order book

Order book is $3.1bn with $1.8bn due to be delivered in 2021. Order book is down c18% compared to December 2019 reflecting the work-off of existing awards, partly offset by new awards including engineering, procurement and construction work for GSK, EPCm work in Iraq and an LNG renewal in Asia Pacific. While order book is down c11% compared to H1 2020 we saw improving momentum in awards in late Q4 including EPC work for an ethylene expansion project in China, late life asset solutions for a UK gas field and engineering and project management support for onshore assets in Iraq.

Revenue

$2,463m

(2019: $3,148m) ▼ **21.8%**

Revenue (on a like for like basis)[1]

$2,450m

(2019: $2,960m) ▼ **17.2%**

Adjusted EBITDA

$327m

(2019: $353m) ▼ **7.4%**

Adjusted EBITDA margin

13.3%

(2019: 11.2%) ▲ **2.1%**

Adjusted EBITDA (on a like for like basis)[1]

$319m

(2019: $324m) ▼ **1.5%**

Adjusted EBITDA margin (on a like for like basis)

13.0%

(2019: 10.9%) ▲ **2.1%**

People[8]

16,100

(2019: 23,900) ▼ **32.6%**

Order book[5]

$3,052m

(2019: $3,709m) ▼ **17.7%**

% of Revenue:

Markets:

Energy: c95%

- Renewables & other energy c5%
- Process & chemicals c30%
- Conventional energy c60%

Built environment:

- Sustainable infrastructure c5%

Segmental review continued

Technical Consulting Solutions

In Q4 2019 we 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 is down c26% compared to 2019. On a like for like basis revenue, adjusting for the disposal of the nuclear business, is down around 16%, benefitting from relative strength in the built environment market, which accounted for around 55% of activity. The reduction in revenue reflects our decision not to pursue higher risk and lower margin construction contracts, the expected roll-off of automation work on TCO and some project delays due to Covid-19. Despite reduced revenues, like for like adjusted EBITDA was in line with 2019 and adjusted EBITDA margin improved strongly, benefitting from our strategic margin focus, the synergy delivery initiatives which started in Q4 2019 and maintaining strong operational utilisation.

Order book

Order book is $1.9bn with $1.4bn due to be delivered in 2021. Order book is up 16% compared to 2019 driven by strength in built environment awards more than offsetting progress on larger projects including the TCO automation contract.

Revenue

$2,061m

(2019: $ 2,779m) ▼ **25.8%**

Revenue (on a like for like basis)[1]

$1,998m

(2019: $2,388m*) ▼ **16.3%**

Adjusted EBITDA

$268m

(2019: $300m) ▼ **10.7%**

Adjusted EBITDA margin

13.0%

(2019: 10.8%) ▲ **2.2%**

Adjusted EBITDA (on a like for like basis)[1]

$262m

(2019: $267m) ▼ **1.9%**

Adjusted EBITDA margin (on a like for like basis)

13.1%

(2019: 11.2%) ▲ **1.9%**

People[8]

12,000

(2019: 15,400) ▼ **22.1%**

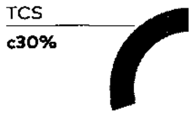
Order book[5]

$1,910m

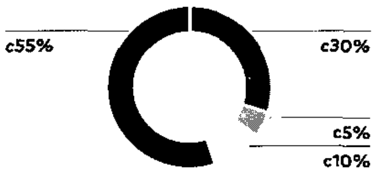
(2019: $1,640m) ▲ **16.5%**

* Adjusted to reflect 2019 revenue of $75m on the Aegis contract now reported in Investment Services

% of Revenue:



Markets:



Energy: c45%

- Renewables & other energy c30%
- Process & chemicals c5%
- Conventional energy c10%

Built environment:

- Sustainable infrastructure c55%

Investment Services

A number of legacy activities and liabilities are managed in Investment Services (IVS). Investment Services generated revenue of $139m (2019: $144m*) and adjusted EBITDA of $13m (2019: $37m) largely reflecting lower provision releases related to legacy liabilities.

Financial review

"Our resilient financial performance in 2020 reflects the benefits of our strategic broadening across energy and built environment markets. Our decisive actions to reduce cost, protect the balance sheet and generate strong cashflow enabled margin protection and net debt reduction."

David Kemp
CFO

Trading performance

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

	2020 $m	2019 $m
Revenue	**7,564.3**	9,890.4
Adjusted EBITDA[6]	**630.4**	855.4
Adjusted EBITDA margin %	***8.3%***	*8.6%*
Depreciation (PPE)	**(45.4)**	(53.6)
Depreciation (right of use asset)	**(134.6)**	(128.4)
Amortisation - software and system development	**(102.0)**	(99.5)
Amortisation - intangible assets from acquisitions	**(125.7)**	(144.2)
Adjusted EBIT	**222.7**	429.7
Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA	**(8.3)**	(18.7)
Operating profit before exceptional items	**214.4**	411.0
Exceptional items	**(247.3)**	(107.6)
Operating (loss)/profit	**(32.9)**	303.4
Net finance expense	**(86.7)**	(126.5)
Interest charge on lease liability	**(29.0)**	(28.2)
(Loss)/profit before tax	**(148.6)**	148.7
Taxation	**(79.5)**	(75.9)
(Loss)/profit for the period	**(228.1)**	72.8
Basic EPS (cents)	**(34.1c)**	10.7c
Adjusted diluted EPS (cents)	**23.2c**	46.0c

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

Adjusted EBITDA decreased by $225.0m to $630.4m as a result of the impacts of the Covid-19 pandemic and oil price volatility. The Group's flexible business model enabled it to take early and decisive action to reduce costs and protect margins, delivering c$230m in overhead savings. As a result, Adjusted EBITDA margin has reduced to 8.3% from 8.6% in 2019.

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

New operating model

Reporting for the 2021 financial year going forward will reflect our new operating model consisting of three global business units; Consulting, Projects and Operations. To enable comparison going forward we recalculated 2020 revenue and adjusted EBITDA under both the existing and new operating model. This is presented in the table below as if it had been in place from 1 January 2020.

Current operating model

	ASA $m	**AS EAAA $m**	**TCS $m**	**IVS $m**	**Central Costs $m**	**Total $m**	2019 $m
Revenue:							
Renewables & other energy	1,203.8	96.3	561.9	88.2	-	**1,950.2**	**2,461.6**
Process & chemicals	859.1	716.0	87.6	-	-	**1,662.7**	**2,271.2**
Conventional energy	804.3	1,431.2	265.5	-	-	**2,501.0**	**3,763.2**
Built environment	34.4	219.3	1,146.3	50.4	-	**1,450.4**	**1,394.4**
	2,901.6	**2,462.8**	**2,061.3**	**138.6**	**-**	**7,564.3**	**9,890.4**
Adjusted EBITDA	92.4	327.1	267.6	12.8	(69.5)	**630.4**	**855.4**
Adjusted EBITDA margin	3.2%	13.3%	13.0%	9.2%	-	**8.3%**	**8.6%**
Order book	**1,447.0**	**3,052.0**	**1,910.0**	**115.0**	**-**	**6,524.0**	**7,898.0**

New operating model (unaudited)

	Consulting $m	**Projects $m**	**Operations $m**	**IVS $m**	***Central* Costs $m**	**Total $m**
Revenue:						
Renewables & other energy	323.5	1,358.2	180.3	88.2	-	**1,950.2**
Process & chemicals	87.6	1,320.9	254.2	-	-	**1,662.7**
Conventional energy	265.5	699.8	1,535.7	-	-	**2,501.0**
Built environment	1,146.3	190.7	63.0	50.4	-	**1,450.4**
	1,822.9	**3,569.6**	**2,033.2**	**138.6**	**-**	**7,564.3**
Adjusted EBITDA	224.3	207.9	253.9	12.5	(68.2)	**630.4**
Adjusted EBITDA margin	12.3%	5.8%	12.5%	9.0%	-	**8.3%**
Order book	**1,759.0**	**1,855.0**	**2,795.0**	**115.0**	**-**	**6,524.0**

Amortisation and depreciation

Total amortisation for 2020 of $227.7m (2019: $243.7m) includes $107.9m for Amec Foster Wheeler ("AFW") (2019: $123.4m) and $17.8m (2019: $20.8m) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was $102.0m (2019: $99.5m) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year above is $2.2m (2019: $1.3m) in respect of joint ventures.

The total depreciation charge in 2020 amounted to $180.0m (2019: $182.0m) and includes depreciation on right of use assets of $134.6m (2019: $128.4m).

Net finance expense and debt

Net finance expense is analysed below.

	2020 $m	2019 $m
Interest on bank borrowings	**33.3**	63.0
Interest on US Private Placement debt	**38.0**	28.5
Discounting relating to asbestos, deferred consideration and other liabilities	**8.6**	12.3
Interest charge on lease liability	**30.1**	28.2
Other interest, fees and charges	**19.1**	32.3
Net finance charges in respect of joint ventures	**3.5**	5.9
Total finance expense including joint ventures	**132.6**	170.2
Finance income relating to defined benefit pension schemes	**(3.8)**	(5.7)
Interest on uncertain tax provisions	**(4.9)**	-
Other finance income	**(3.6)**	(3.9)
Lease interest on lease investment	**(1.1)**	-
Net finance expense including joint ventures	**119.2**	160.6

Interest cover[9] was 5.5 times (2019: 5.6 times).

Net finance expense of $86.7m (2019: $126.5m) is made up of net finance expense including joint ventures of $119.2m (2019: $160.6m) excluding the net interest charge on leases of $29.0m (2019: $28.2m) and joint venture interest of $3.5m (2019: $5.9m).

At 31 December 2020, total bank borrowings amounted to $500.0m, including $200.0m of drawdowns under the Group's $1.75bn Revolving Credit Facility and term loans of $300.0m. Of the term loans, $100m was repayable in September 2021, however, following the exercise of the banks' options to extend the maturity of this term loan the total of $300.0m is now repayable in May 2022. The Revolving Credit Facility comprises of $236.0m maturing in May 2022 and the remaining $1,514.0m matures in May 2023. A further $3.4m of funding has been drawn under the Group's other short-term facilities.

Interest on bank borrowings reduced by $29.7m to $33.3m as a result of lower net debt resulting from proceeds from disposals of $455.2m. In addition, LIBOR rates have reduced during 2020.

The Group also has $880.5m of unsecured loan notes issued in the US private placement market which mature at varying dates between 2021 and 2031, of which $77.0m matures between August and November 2021 with the remainder weighted to later dates. Interest is payable at an average rate of 4.13% on these loan notes.

The increase in interest on US Private Placement debt of $9.5m to $38.0m reflects the full year charge on additional drawdowns during 2019.

In total the Group has undrawn facilities of $1,738.8m at 31 December 2020.

The Group recognised interest costs in relation to lease liabilities of $30.1m (2019: $28.2m) which relates to the unwinding of discount on the lease liability.

The unwinding of discount on the asbestos provision is $8.0m and includes the unwinding of discount on long-term asbestos receivables. This is now shown within exceptional items, in line with the Group's updated policy. The 2019 charge of $9.7m is shown in total finance expense.

Net debt excluding leases to adjusted EBITDA (excluding impact of IFRS 16) at 31 December was 2.1 times (2019: 2.0 times) against our covenant of 3.5 times. This is calculated pre IFRS 16 as our covenants are calculated on a frozen GAAP basis.

Exceptional items

	2020 $m	2019 $m
(Gain)/loss on divestment of business	**(59.1)**	9.4
Impairment losses on non-core business	**20.1**	-
Redundancy, restructuring and integration costs	**100.8**	41.7
Investigation support costs and provisions	**161.6**	56.5
Asbestos yield curve and fees	**19.8**	-
Guaranteed Minimum Pension equalisation	**4.1**	-
Continuing exceptional items, net of interest and tax	**247.3**	107.6
Unwinding of discount on asbestos provision	**8.0**	-
Tax charge in relation to exceptional items	**0.7**	19.5
Derecognition of deferred tax assets due to UK pension actuarial loss	**27.3**	-
Continuing exceptional items, net of tax	**283.3**	127.1

The gain on sale of business relates to the disposals of the nuclear, industrial services and YKK businesses and our interest in the TransCanada Turbines joint venture totalling $59.1m.

A gain of $56.7m has been recognised on completion of the sale of Wood's nuclear business. Proceeds of $292.5m (net of cash disposed) were received compared to the net book value of $232.2m which included an allocation of goodwill and intangible assets arising on the AFW acquisition of $233.9m, and costs relating to the disposal of $3.0m. In addition, as the nuclear business was a GBP functional currency entity, a cumulative foreign currency translation loss of $0.6m has been recognised through the income statement.

A gain of $1.7m has been recognised in relation to the sale of Wood's industrial services business. Proceeds of $101.8m (net of cash disposed) were received compared to the net book value of $76.1m which included goodwill and intangible assets arising on the original acquisition of the business in 2013 of $26.6m. In addition, as the industrial services business was a GBP functional currency entity, a cumulative foreign currency translation loss of $16.7m has been recognised through the income statement as required by IAS 21. Costs of $2.7m relating to the disposal were incurred and a provision of $4.6m has been made for future obligations.

The remaining gain of $0.7m mainly relates to the disposal of our interest in the TransCanada Turbines joint venture.

Impairment losses recognised during the year mainly relate to the Group's strategic decision to exit YKK, our Kazakh provider of training and related services. The net asset value, including goodwill, was written down in the first half by $16.0m to $1.5m to match the anticipated net proceeds from the disposal. The disposal was completed in the second half with no further impact.

During the year to 31 December 2020, $100.8m (including $8.0m by joint ventures) was incurred in relation to redundancy, restructuring and integration. These costs relate to the restructuring work which commenced during 2019 with the creation of the TCS business unit and the margin improvement programmes to achieve the Group's medium-term strategic objective to deliver 100 basis points margin improvement. These initiatives were already in progress prior to the impact of the Covid-19 pandemic and volatility in oil price to reduce the Group's cost base, improve operational efficiency and drive improved margins.

Some of the actions have been amplified in response to the pandemic and the lower oil price environment but the costs taken as exceptional are incurred to bring about sustainable improvements in the Group's cost base. The broader impact of Covid-19 and oil price volatility on activity levels are reflected in the Group's operating performance. In 2021, exceptional costs are anticipated to include c$30m of costs related to the acceleration of our strategy through the delivery of our Future Fit programme, with a further c$15m anticipated in capital expenditure.

During the year to 31 December 2020, $161.6m was charged in relation to investigation support costs and provisions. The provision was increased to $196.7m from $46.0m. In addition, costs of $10.9m were incurred in relation to legal and other support costs associated with the ongoing investigations. Discussions concerning the possible resolution of the investigations by the UK Serious Fraud Office (SFO) and by the authorities in the US, Brazil and Scotland have progressed to the point where the Group now believes that it is likely to be able to settle all of the relevant matters at an aggregate cost of $196.7m. This amount, which includes the amount provided for in 2019, has been reflected as a provision in the financial statements (see note 20 and contingent liability note 33). We anticipate that an agreement with the Scottish authorities will be finalised shortly and that the settlement of the other investigations will be finalised, subject to court approvals, during Q2 2021. It is expected that approximately $70m of the settlement amounts will be payable in 2021, with the balance payable in instalments in 2022, 2023 and 2024.

Since the acquisition of AFW, asbestos related costs have not always been treated as exceptional items, with a judgement made on individual elements based on materiality. Going forward, all asbestos costs are treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are outwith the Group's control. Excluding these charges from the trading results will improve the understandability of the underlying trading performance of the Group. The total charge of $27.8m in 2020 mainly relates to a $17.9m (2019: $8.9m) yield curve charge, $8.0m (2019: $9.7m) of interest costs which relate to the unwinding of discount on the asbestos provision and $1.9m (2019: $0.9m) of charges in relation to managing the claims. The 2019 yield curve charge and claims management fees were included in EBITDA and the 2019 interest cost was included within finance expenses. The extreme market conditions seen in 2020 have led to unprecedented reductions in US treasury yields. The 30-year US Treasury rate, has reduced to 1.65% from 2.39% at the end of December 2019 and led to the income statement charge of $17.9m above.

A court judgement passed in November 2020, provided further clarity in respect of Guaranteed Minimum Pension ('GMP') equalisation in relation to UK defined benefit pension schemes, following an original court ruling in October 2018. The Court ruled in favour of uplifting historical transfer values to include those who transferred out of the scheme between May 1990 and April 1997. Consequently, the Group has recognised a $4.1m exceptional charge in the year representing the increase in its UK defined benefit scheme liabilities arising from the case which is in addition to a charge of $31.9m recorded in 2018 as a result of the original court ruling.

An exceptional tax charge of $28.0m (2019: $19.5m) has been recorded in the period reflecting the impairment of deferred tax assets ($27.3m) in the income statement as a result of the reduction in deferred tax assets through other comprehensive income due to the UK pension actuarial loss and charges of $0.7m on pre-tax exceptional items.

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.

	2020 $m	2019 $m
(Loss)/profit from continuing operations before tax, exceptional items and amortisation	**(148.6)**	148.7
Tax charge in relation to joint ventures (note 12)	**4.8**	12.8
Joint venture exceptional items (note 12)	**8.0**	1.3
Amortisation (note 9)	**225.5**	242.4
Exceptional items	**247.3**	107.6
Profit from continuing operations before tax, exceptional items and amortisation	**337.0**	512.8
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	**23.68%**	23.89%
Tax charge (excluding tax on exceptional items and amortisation)	**79.8**	122.5
Tax charge in relation to joint ventures	**(4.8)**	(12.8)
Tax charge in relation to exceptional items	**0.7**	19.5
Derecognition of deferred tax assets due to UK pension actuarial loss	**27.3**	-
Tax credit in relation to amortisation	**(23.5)**	(53.3)
Tax charge per income statement	**79.5**	75.9

The effective tax rate reflects the rate of tax applicable in the jurisdictions in which the Group operates and is adjusted for permanent differences between accounting and taxable profit and the recognition of deferred tax assets. Key adjustments impacting on the rate in 2020 are the derecognition of deferred tax assets and current year deferred tax assets not recognised primarily in relation to the US, offset by the ability to recover $14.5m of alternative minimum tax in the US as a result of Covid-19 related tax measures, a reassessment of the liability to the US base erosion tax and the release of provisions in relation to uncertain tax positions. Despite challenges in relation to interest deductibility and the sensitivity of the tax rate to US deferred tax asset recognition, we currently anticipate a rate of 23-24% in 2021.

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.

In February 2021, HM Revenue and Customs concluded that the Group had not benefitted from State Aid in relation to the UK controlled foreign company finance exemption. As a result, this matter is no longer disclosed as contingent liability.

Earnings per share

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

	2020			2019		
	Earnings *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	**(229.5)**	**672.5**	**(34.1)**	72.0	670.9	10.7
Effect of dilutive ordinary shares	-	-	-	-	15.8	(0.2)
Diluted	**(229.5)**	**672.5**	**(34.1)**	72.0	686.7	10.5
Exceptional items, net of tax	**283.3**	-	**42.1**	127.1	-	18.5
Amortisation related to acquisitions, net of tax	**102.2**	-	**15.2**	117.1	-	17.0
Adjusted diluted	**156.0**	**672.5**	**23.2**	316.2	686.7	46.0

Basic loss per share for the year was 34.1 cents per share (2019: earnings 10.7 cents). The loss for the year attributable to owners of the parent of $229.5m is lower than the $72.0m profit reported in 2019 mainly due to an increase in exceptional items, net of tax, lower operating profit caused by the impacts of Covid-19 and the oil price volatility and was partially offset by a lower net finance expense due to reduced borrowings in the year.

Dividend

The uncertainties caused by the Covid-19 pandemic led to the Board withdrawing its recommendation for payment of the 2019 final dividend and not declaring an interim or final 2020 dividend in order to protect cash flows and ensure balance sheet strength. The Board recognises the importance of dividends to shareholders and is committed to reviewing the future policy once there is greater clarity on the longer-term impact of Covid-19 and increased market stability. Any decision to resume payment of a dividend will consider the Group's future profitability, cash requirements and focus on preserving long-term value.

Cash flow and net debt

The cash flow for the year is set out below:

	Excluding leases 2020 $m	**Leases 2020 $m**	**Total cash flow 2020 $m**	Restated* 2019 $m
Adjusted EBITDA	**479.2**	**151.2**	**630.4**	**855.4**
Less JV EBITDA and add back JV dividends	(30.5)	(7.7)	(38.2)	(37.7)
Decrease in provisions	(45.4)	-	(45.4)	(216.1)
Other	6.7	-	6.7	3.9
Cash flow generated from operations pre working capital	**410.0**	**143.5**	**553.5**	**605.5**
Decrease in receivables	504.2	-	504.2	200.2
Decrease in payables	(342.3)	-	(342.3)	(132.5)
(Decrease)/increase in advance payments	(276.8)	-	(276.8)	127.9
Decrease/(increase) in inventory	0.9	-	0.9	(2.8)
Working capital movements	**(114.0)**	**-**	**(114.0)**	**192.8**
Cash exceptionals	(114.6)	21.3	(93.3)	(52.1)
Cash generated from operations	**181.4**	**164.8**	**346.2**	**746.2**
Divestments/acquisitions	455.2	-	455.2	43.1
Capex and intangibles	(81.6)	-	(81.6)	(127.2)
Free cash flow	**555.0**	**164.8**	**719.8**	**662.1**
Tax, interest, dividends and other	(145.3)	23.6	(121.7)	(407.2)
Non-cash movement in leases	-	(146.5)	(146.5)	(145.0)
Decrease in net debt	**409.7**	**41.9**	**451.6**	**109.9**
Opening net debt	**(1,424.0)**	**(583.3)**	**(2,007.3)**	**(2,117.2)**
Closing net debt	**(1,014.3)**	**(541.4)**	**(1,555.7)**	**(2,007.3)**

*details of the restated 2019 balance sheet are set out in note 1 to the Group financial statements.

Closing net debt at 31 December 2020 including leases was $1,555.7m (2019: $2,007.3m). The reduction in net debt of $451.6m is mainly due to the increase in net proceeds from divestments and acquisitions and the Boards decision to temporarily suspend the dividend and was partially offset by a reduction in cash generated from operations.

Included within closing net debt is the IFRS 16 lease liability which is the net present value of the lease payments that are not paid at the commencement date of the lease and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability as at 31 December 2020 was $541.4m (2019: $583.3m). All covenants on the debt facilities are measured on a frozen GAAP basis and therefore exclude the impact of IFRS 16.

Cash generated from operations pre-working capital decreased by $52.0m to $553.5m primarily as a result of the reduction in EBITDA, partially offset by the movement in provisions. The movement in provisions of $170.7m is mainly due to a decrease of $106.3m in utilisations of provisions to $75.2m, reflecting the close out of legacy issues and includes the receipt of insurance proceeds in respect of ongoing litigation.

There was a working capital outflow of $114.0m (2019: inflow $192.8m). During 2019, the Group received a significant cash advance which has unwound during 2020 as the projects approach completion. The outflow caused by advances of $276.8m was partially offset by the decrease in receivables and payables due to lower activity in 2020 compared with 2019 and this led to a net cash inflow of $161.9m in 2020.

Cash exceptionals have increased by $41.2m to $93.3m in 2020 which mainly relate to increased redundancy, restructuring and integration costs.

Payments for capex and intangible assets were $81.6m (2019: $127.2m) and included software licences and expenditure on ERP systems across the Group. The reduction is mainly due to the pause in the implementation of the ERP system and other discretionary capital expenditure as a result of current market conditions.

Net cash from divestments of $455.2m mainly relates to the disposal of the nuclear and industrial services businesses and our interest in TransCanada Turbines.

Tax, interest, dividends and other has reduced from $407.2m in 2019 to $121.7m in 2020. The reduction of $285.5m is mainly due to the withdrawal of the dividend which led to a cash saving of $235.5m in 2020 and a reduction in financing costs of $34.7m.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) reduced to 61.5% (2019: 96.5%) primarily due to the outflow on advances.

Sources and uses of cash

The decrease in cash generated from operations in 2020 to $346.2m from $746.2m was primarily due to the impacts of Covid-19 and oil price volatility which led to a challenging trading environment for the Group.

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 2020 $m	Restated* Dec 2019 $m
Goodwill and intangible assets	**6,216.2**	6,299.0
Right of use assets	**408.9**	412.1
Other non-current assets	**831.1**	964.8
Trade and other receivables	**1,698.6**	2,306.0
Net held for sale assets and liabilities	**-**	412.9
Trade and other payables	**(2,019.7)**	(2,619.6)
Net debt excluding leases	**(1,014.3)**	(1,424.0)
Lease liabilities	**(541.4)**	(583.3)
Provisions	**(942.6)**	(792.2)
Other net liabilities	**(464.0)**	(551.4)
Net assets	**4,172.8**	4,424.3
Net current liabilities	**(457.3)**	(224.1)

At 31 December 2020, the Group had net current liabilities of $457.3m (2019: $224.1m).

Goodwill and intangible assets include $4,372.7m (2019: $4,645.0m) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The balance has decreased during the year primarily because of the disposal of the nuclear business and the amortisation of intangible assets.

Right of use assets and lease liabilities amount to $408.9m (2019: $412.1m) and $541.4m (2019: $583.3m) respectively.

The reduction in trade receivables is primarily due to reduced activities caused by the impacts of Covid-19 and oil price volatility. There have been no instances of material default by our clients as a result of the current market conditions.

Trade and other payables have reduced by $599.9m since December 2019 and this is partly due to a reduction in gross amounts due to customers of $277.3m. During 2019, the Group received a significant advance which has unwound during 2020 as the projects approach completion.

The provisions balance increased by $150.4m to $942.6m. The increase in provisions is mainly driven by the income statement charge of $279.4m, reclassifications of $33.0m and FX of $3.5m partially offset by utilisations and releases totalling $165.5m. The expected movement related to provisions in 2021 is approximately $60m.

The income statement charge of $279.4m mainly related to the ongoing investigation. Discussions concerning the possible resolution of the investigations by the UK Serious Fraud Office (SFO) and by the authorities in the US, Brazil and Scotland have progressed to the point where the Group now believes that it is likely to be able to settle all of the relevant matters at an aggregate cost of $196.7m. This amount has been reflected as a provision in the financial statements as described in note 20 and includes the amount provided for in 2019.

Provisions utilised during the year amounted to $75.2m, which mainly related to asbestos and Aegis. Provisions released to the income statement amounted to $90.3m and was mainly related to a number of historic project related provisions which are no longer necessary following resolution of disputes or the underlying risk.

Contract assets and liabilities

	Dec 2020 $m	Dec 2019 $m
Trade receivables	**646.9**	943.5
Non-current contract assets	**111.3**	-
Amounts due from customers	**638.6**	962.8
Amounts due to customers	**(203.2)**	(480.5)
	1,193.6	1,425.8

The reduction in trade receivables and amounts due from customers is due to reduced activity caused by the impact of Covid-19 and oil price volatility. There have been no instances of material default by our customers as a result of the current market conditions. The decrease in gross amounts due to customers relates to the unwinding of advance payments from a major contract in the ASA business during 2020.

Non-current contract assets of $111.3m include $94.1m of gross amounts due from customers and $17.2m of trade receivables in relation to the Aegis contract. Refer to note 20 for further details.

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 2020, the Group has net asbestos related liabilities of $380.9m (2019: $379.6m).

The Group expects to have net cash outflows of around $33m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2021. 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.

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 2020, the schemes had a net surplus of $64.4m (2019: $241.0m). In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 31 December 2020 showed a reduction in the discount rate which results in higher scheme liabilities and lower RPI inflation rates, thereby reducing the surplus compared to 2019. Full details of pension assets and liabilities are provided in note 32 to the Group financial statements.

Contingent liabilities

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

Divestments

During 2020 the Group disposed of its nuclear and industrial services businesses and our interest in TransCanada Turbines. Each of these were classified as held for sale as at 31 December 2019. In addition, the Group disposed of its Kazakh provider of training and related services, YKK, and an additional investment in a non-core joint venture.

Footnotes

1. Revenue on a like-for-like basis is calculated as revenue less revenue from disposals executed in 2020 and adjusted EBITDA on a like-for-like basis is calculated as adjusted EBITDA less the adjusted EBITDA from those disposals. In 2020 executed disposals consisted of our nuclear and industrial services businesses, YKK and our interest in TransCanada Turbines. Comparative figures also exclude revenue and adjusted EBITDA from the disposal of TNT, completed in 2019. These amounts are presented as a measure of underlying business performance excluding businesses disposed. These disposals accounted for $76m of revenue in 2020 (2019: $504m) and Adjusted EBITDA of $14m (2019: $60m).
2. A reconciliation of adjusted EBITDA to operating profit (pre-exceptional items) is shown in note 1 to the financial statements.
3. A reconciliation of adjusted diluted earnings per share to basic earnings per share is shown in note 8 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. 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. These measures are presented as they closely aligned to the measure used in our financing covenants. A reconciliation of net debt excluding leases to net debt including leases is show in note 29 to the financial statements.
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, customer plans or management estimates. Where contracts have optional extension periods, only the confirmed term is included. Order book disclosure is aligned with the IFRS definition of revenue and does not include Wood's proportional share of joint venture order book. Order book is presented as an indicator of the visibility of future revenue.
6. Adjusted EBITDA represents operating loss of $32.9m (2019: profit $303.4m) before the deduction of depreciation of $180.0m (2019: $182.0m), amortisation of $227.7m (2019: $243.7m), exceptional items of $247.3m (2019: $107.6m) and joint venture interest and tax of $8.3m (2019: $18.7m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
7. 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. In 2020, AEPS was not (2019: was) adjusted to assume conversion of all potentially dilutive ordinary shares because the unadjusted result is a loss (2019: profit).
8. Number of people includes both employees and contractors at 31 December 2020.
9. Interest cover is adjusted EBITDA excluding IFRS 16 of $479.2m (2019: $704.4m) divided by the net finance expense, which excludes net finance expense from joint ventures of $3.5m (2019: $5.9m) and the impact of IFRS 16 of $29.0m (2019: $28.2m).

Creating a better tomorrow

As the world rapidly transitions to a cleaner, more resilient, sustainable way of living, we recognise the world's most critical challenges as our own with our purpose and strategy aligned to delivering sustainable development.

Wood's commitment to sustainability is at the heart of everything we do, grounded in our vision, values and behaviours and inspired by our passion for creating sustainable value for our people, our clients, investors and the communities where we live and work.

MSCI AA
ESG RATINGS
CCC B BB BBB A **AA** AAA

In 2020, John Wood Group PLC received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

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:

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:

Read our 2020 Sustainability Report at: **woodplc.com/sustainability**

Health, safety & security

Wood is a people business and our workforce is our most valuable resource. The protection and enhancement of the health, safety and welfare of our workforce is essential to Wood's continued success and safety is our key focus in everything we do.

Health and safety

2020 has been a challenging year in managing a global pandemic without losing focus on the key aspects of our health and safety improvement program which included establishing targets for our safety performance. The year brought into sharp focus the importance of robust, risk-based safety management planning and the robustness and resilience of our health, safety and security management processes, resource and capability. Our processes have positioned us well to respond quickly to meet the pandemic challenges as well manage our critical risks.

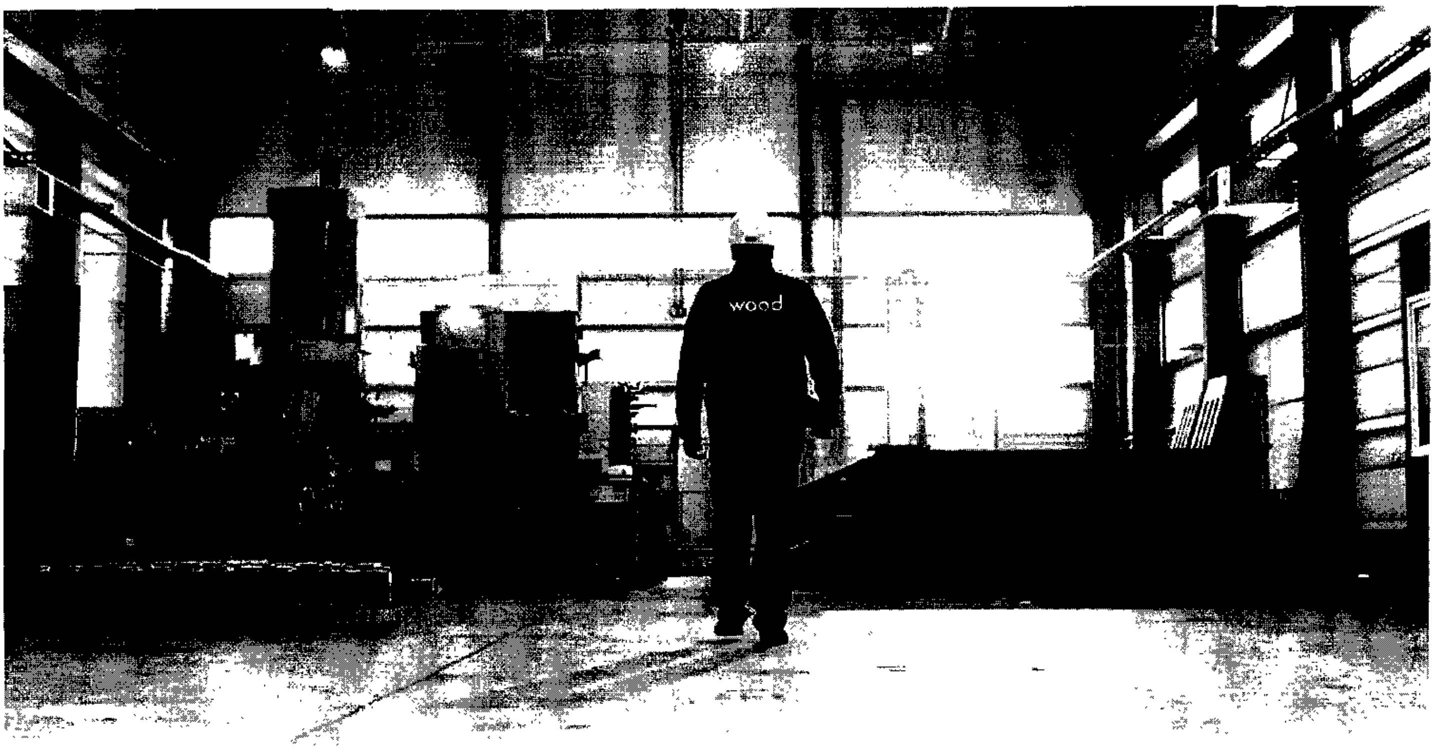
Whilst we delivered improvements in our safety performance with a reduction in our Total Recordable Case Frequency, regrettably there were two fatalities in 2020.

The first took place on 18 June 2020 in South Africa. A sub-contractor's employee died after being struck by a dropped object during a lifting operation. An investigation team, independent of the business and led by a senior manager, was deployed to investigate the incident and, in line with all very serious incidents, as an immediate response all lifting activities globally were reviewed against Wood's standards. Wood's ELT attended the incident investigation review which is convened to validate the quality of the investigation, its findings and agree any systematic learnings in line with the process outlined in our investigation procedure.

The second fatality happened on 13 October 2020 in the United States. A Wood employee was performing work within a supported trench when he was struck and fatally injured by a mass of earth dislodged from the leading edge of the excavation. Again, all trenching activities across the Company were immediately reviewed against Wood's standards. An independent investigation team, with subject matter experts in trenching and ground conditions was mobilised to investigate the incident. A briefing was given to the ELT ahead of the Incident Review Panel by the senior investigator.

The Safety, Assurance & Business Ethics Committee provided oversight to both incident investigations. The purpose of this oversight was to ensure the investigations were independent, of high quality and fully identified the root causes and organisational learning form these tragic events.

In both cases Wood's aim has been to ensure that families and site personnel are supported throughout these traumatic events. Specialist councillors were appointed for the families of the deceased as well as our employees and contractor colleagues. Wood's thoughts remain with the families of our colleagues. Both incidents have been the focus of the quarterly engagements by the Executive President Heath, Safety, Security, Environment & Sustainability (HSSES) with global leaders across the business and a special 'stand-down' with the project management community.



Managing Covid-19

Wood's occupational health threat monitoring identified an unusual pattern of pneumonia reported by the World Health Organisation (WHO) in early December 2019. It was clear that the situation was moving fast and later that month we began to plan for wider spread of the disease.

- In early January we issued our first alert to our Asia Pacific based business warning them of a fast spreading virus and implementing travel restrictions
- By early February we had implemented our Covid-19 Management Guidance and toolkit including remote access to the Covid-19 toolkit through Wood's HSSEA App
- In late February we established a Pandemic Preparedness Team to monitor official guidance and ensure the business had plans in place should Covid-19 develop into a pandemic. Additionally, we initiated the development of an enterprise wide risk assessment with each of the BUs completing business impact assessments

Early warning allowed Wood time and space to plan for resilience amid a mounting threat, using the time to plan the infrastructure needed to enable our people to work remotely, implement Covid-19 management plans for site based essential workers and co-ordinate efforts through our Crisis and Emergency Management processes.

Planning was coordinated through preparedness checklists circulated across the whole organisation and functional leaders were responsible for verifying that the checklists were complete. Detailed site and office based Covid-19 response plans were implemented across the business utilising the evolving advice from the WHO and government guidance in each of the locations we operate in.

Ensuring workforce safety was paramount in the planning of our response, which resulted in a number of actions being taken:

- Vulnerable groups were identified and shielded early in line with government advice
- Plans were accelerated to enable over 40,000 of our people, where possible and safe to do so, to work remotely
- Worksites and working patterns were reorganised to facilitate the best possible social distancing
- Schedules and methods of working were adapted to incorporate Covid-19 safe working practices
- Line managers were briefed on new ways of working and resources were made available to manage and assure these new ways of working

As the pandemic appeared to be receding in areas we developed comprehensive return-to-the-workplace planning. However, as with the rest of the global community, we have seen workplace returns roll back as parts of the world are affected by rising infection rates in the second half of 2020. Throughout this time the Board continued to monitor the impacts of the pandemic as it developed and the Company's response through regular update calls with the Crisis Management Team.

Our priority has been for the safety and welfare of our employees. Apart from the physical threat of the virus itself we have implemented programmes designed to promote mental health and wellbeing aimed at combating the effects of prolonged isolation and Covid-19 measures. We accelerated the implementation of a company-wide wellbeing strategy and resources including highlighting the Company Employee Assistance Programme (EAP) service, mental health library and line managers guides to improving mental health for employees. Towards the end of the year we ran a very successful mental health and wellbeing program as part of our Strong Finish programme. This was designed to ensure that our people went into the winter holiday period equipped with the skills, tools and resources to support them through the holidays.

We believe that our measures have been highly effective in keeping our people safe whilst enabling us to continue to deliver for our clients and support vital services globally. Whilst the pandemic disrupted our plans it has not stopped our unrelenting focus on improving safe work execution. We consistently strive to improve performance by setting challenging targets, identifying focus areas for development and establishing annual improvement plans at both strategic and operational level.

c40,000

employees working remotely by early April

Continuous improvement planning

Continually improving the health and safety of our operations is one of the fundamental objectives of our approach. We do this through a risk-based analysis of performance across all areas of our operations.

The 5 focus areas of our 2020 improvement plan were:

Operating discipline
Rigorous focus on managing critical risks through absolute deployment of processes

Quality management
Continue to connect, align and streamline quality function as central to delivery excellence

Risk based assurance
Establishing an unbroken chain of accountability across the organisation for operational delivery

Accountability
Establishing strong, visible leadership accountability for compliance with mandatory expectations

Sustainability
Building on Wood's sustainability principles to enable a solid foundation for the future

Our 5 focus areas are underpinned by a yearly plan of actions aligned to our global safety targets. Despite the pandemic we continued to implement our improvement plan achieving:

- Digitally enabled Life Saving Rules (LSRs) focus audits; a key part in making sure the LSRs are rigorously applied across all of our worksites and operations
- Development and implementation of a refreshed Incident Investigation process and related training. The updated process is designed to improve data gathering and provide greater insights into human performance to aid better understanding of the causes of safety incidents. We also adapted the training to be delivered via a remote classroom to minimise the impact from Covid-19 travel restrictions

- Successful migration of Wood certification from OHSAS 18001 to ISO45001 ensuring we keep rigour and discipline in our systems
- Deployment of a digitised platform for assurance action tracing and system self-assessment giving greater visibility of progress across the business
- Digitised leadership engagement data capture giving more visibility on leadership accountability across the business
- Launching Wood's digitised toolbox on the HSSEA App, inclusive of our Covid-19 management processes, making the dissemination of our key processes smarter, faster and more effective

In addition to the above, in 2020 we continued to work with our supply chain function on the development of enterprise wide contractor pre-qualification processes. Pre-qualification is a key aspect of our seven-stage contractor and sub-contractor management standard which covers planning, pre-qualification, selection, pre-mobilisation, mobilisation, performance management and demobilisation & close out. The roll out of the enterprise wide pre-qualification processes will be concluded in 2021, replacing the localised business unit led processes. It will enable greater knowledge sharing of the competency and performance of our supply chain and contractors, making it easier to share lessons learned and ensuring that we select the right partners for the safe and successful execution of our projects.

We recognise that investing in our contractors is just as important to our continuous improvement as selecting the correct partners. We do this through sharing Wood tools and learning. We extend safety-based training to our contractor base including:

- Site based inductions
- Safety shield for supervisors
- Lifesaving rules training
- Task based training
- Critical risk training

We make our HSSEA App available to our contractors, this is an effective way of sharing our safety rules and toolkits at the worksite level. Learning from our contractors is also an important part of our relationship and their feedback is included in our worksite safety engagement activities.

Health and safety performance

We established both leading and lagging safety targets at the beginning of the year, aligned to our 2020 improvement plan:

10%

improvement in Total Recordable Case Frequency, using 2019 as a baseline

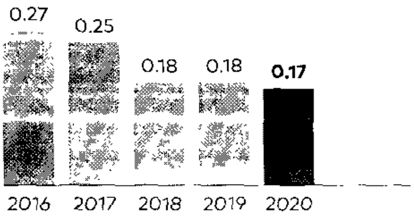
Zero

overdue HSSEA assurance actions

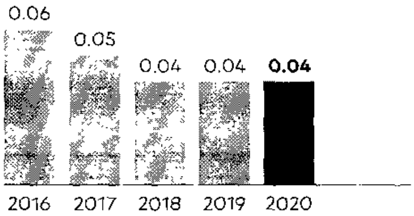
Leadership engagement events

focused on safety by senior managers

Total recordable case frequency
per 200,000 work hours



Lost time incident frequency
per 200,000 work hours



Total recordable case frequency

Performance is based on a rolling 12-month frequency rate and is inclusive of contractors working under Wood's management system. In total there were 118 total recordable incident cases across the business, whilst this represents 31% fewer injuries than the previous year, regrettably there were two fatalities in 2020 (see page 35).

Our 2020 TRCF performance of 0.17, improved compared to 2019. Whilst our performance for the first half of the year was on target, it dipped in the second half due to the impact of Covid-19 with travel restrictions reducing the amount of on-site engagement and assurance activity together with the impact of furloughed staff returning to sites after prolonged absence from the workplace.

All recordable incidents are robustly investigated and corrective and preventative action plans established dependant on the identified root cause. The primary root cause of these incidents was identified as a failure to appreciate risk and contributing to these incidents were behavioural based human action such as not following procedures, not checking equipment and lapse of concentration. The most common means of injury (41%) involved the use of hand tools or equipment.

Lost time incident (LTI) frequency

Performance is based on a rolling 12-month frequency rate and is inclusive of contractors working under Wood's management system. In total there were 25 lost time incident cases across the business with one person suffering life changing injuries. This represents 15 fewer injuries than the previous year.

The most common activity being undertaken at the time an LTI occurred was walking up or down staircases, walking across the work site, undertaking maintenance or inspection activity and operating machinery. The most common root cause was identified as failure to appreciate hazards. All LTI incidents were investigated and preventative action plans established dependant on root cause.

Close out of assurance actions

2020	Target	Achieved
No. assurance actions overdue	Zero	5

During the year a total of 267 actions were raised during Operational Assurance activities and 279 closed out, including a small number of actions that were carried forward from 2019. Five actions remain overdue because they require interventions which have not been possible due to the unavailability of resources and/or inability to make physical interventions due to Covid-19 travel restriction.

Leadership engagements

2020	Target	Achieved
No. leadership engagements	1,345	1,365

Whilst the pandemic impacted on our leaders' ability to undertake physical onsite tours and visits, innovative methods of safety engagement were developed during the year utilising remote cameras, on-line townhalls and virtual meetings. Utilising these remote solutions enabled our leaders to exceed the planned number of engagements for the year.

Our 2021 focus will be on engaging with our frontline workforce across our critical risk areas, working with them on consolidating the rules, tools and processes they work with, enhancing, consolidating and simplifying our management systems to give a consistent, safe system of work and harnessing their skills to support our frontline assurance processes. We will do this using smart, digitally enabled tools that we can use to feed into artificial intelligence led systems which will help us get ahead and intervene before incidents occur. This will be at the core of all the things we do in 2021 and beyond, to ensure a harm free environment.

Focus on security

Wood operates in a number of countries with complex or challenging security risk environments. Group Security, part of Group HSSES, are responsible for providing both forward-looking strategic risk advice to leadership teams, as well as the security risk mitigation requirements for any activity in areas where crime, terrorism or political instability are a concern. 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

Crisis and emergency management

The unexpected disruption of Covid-19 at the start of the year gave us the opportunity to test the crisis and emergency management framework that we worked to implement in 2019. The Crisis Management Team (CMT), consisting of the Executive Leadership Team and other key functional leaders, convened in March and will remain live into the start of 2021.

The focus in the early stages of the pandemic was on our reaction and response; over time transitioning to management of other underlying impacts, including to ensure a safe and consistent approach to returning to the workplace.

The CMT will move into a new phase in 2021 looking at long-term recovery and vaccination roll-out. We also accelerated our focus on Business Continuity Management (BCM), necessitated by the very rapid requirement to have the majority of office-based staff working remotely. Overall, the systems proved incredibly resilient, with the majority of our business still able to operate with little to no disruption to project time lines or deliverables.

2021 will see the restructuring of the function as part of our work to optimise our operating model; moving away from the business unit partnership and towards a regional model, with centres of support split between the West and East. Assurance will continue to be a key part of our agenda, particularly in the areas of Emergency Management and BCM, and we will also be further evolving our provision of education and training to key parts of the business. This will all be underpinned by a digitalisation project designed to increase efficiency and effectiveness in some of the operational areas of the function, including security risk assessment and global travel.

Ethics & Compliance

Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2020.

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 2020, leaders across the business received training on the importance of being an ethical role model and having discussions about ethics and compliance with their teams.

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 requires 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 targeted courses, 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 Investigations
- Ethics Reporting and Anti-Retaliation
- 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 employment and/or business relationship.

Anti-Bribery and Anti-Corruption programme (ABAC)

In 2020, we concluded our work supported by Deloitte to assess the adequacy of Wood's current ABAC programme and related controls and to benchmark against those of similar organisations. The output of this work along with regulatory agency guidance and lessons learned served as key inputs to develop our 2021 ABAC plan.

The Plan is structured around six principles, each with an objective statement and accountability for delivery. A goal-directed action plan sits beneath each principle providing detailed actions to meet each objective.

Plan principles:

1. Top level commitment
2. Risk assessment
3. Policy and procedures
4. Third parties, due diligence and governance
5. Training and communications
6. Reporting, investigation and assurance

Delivery of the Plan will take a project management approach with support from a cross-functional team. A routine cadence of progress reporting will aid strong governance with oversight from the Safety, Assurance and Business Ethics Committee (SABE) of the Board.

The ABAC plan will play a key role from 2021 in informing the priority areas of focus for our Ethics & Compliance programme in the upcoming years.

Third parties

We continued our focus on management of third parties with an emphasis on commercial intermediaries (CIs). Wood continues to prohibit, as a matter of policy, the engagement of any new sales agents or national sponsors other than those required by law, and the business no longer has any active sales agents in use. Consistent with 2019, we have continued to reduce the number of active CIs across the business, with a focus on further consolidating the population of active freight forwarders and visa processors. As part of this, we onboarded three global CIs in 2020 to enable central management and monitoring of the use of CIs throughout our business globally.

Throughout 2020, we continued to cooperate with and assist the UK Serious Fraud Office, as well as authorities in the US, Brazil and Scotland in relation to their investigations into the historical use of agents and other matters. Discussions concerning the possible resolution of the investigations have now progressed to the point where we anticipate that we will finalise settlement with the Scottish authorities shortly with resolution on the remaining matters anticipated to be during Q2 2021 (See notes 20 and 33 to the Financial Statements for further details). Further information will be provided when final settlement is reached. In the meantime, learnings from the investigations will continue to be fed into the ABAC plan, in particular in relation to due diligence and management of other third parties such as joint ventures and suppliers, as we continue to strengthen our commitment to ensuring we deliver work and conduct business with absolute integrity in all parts of the world where we operate.

We recognise the importance of making informed decisions on whether to do business with third parties. In 2020 we began developing a standard for due diligence of third parties under which specific policies will set out requirements based on the type of third party relationship being pursued.

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

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

Ethics & Compliance training

A more targeted approach for ethics and compliance training began in 2020 to direct our resources to groups of employees who are most likely to be exposed to particular ethics and compliance risks. This year's annual mandatory computer-based training focused on navigating various types of conflicts of interest and working with third parties, including due diligence, red flags and ongoing monitoring. The course was launched in a variety of language options to a population of over 4,100 office-based leaders and their executive assistants, project managers, all directors of the Board, and all employees who work in People & Organisation (P&O), Supply Chain, Business Development, Legal, Internal Audit, Payroll, Commercial and E&C. Through strong leadership commitment, we achieved 100% completion of the course.

100%

completion of mandatory 2020 ethics training

Employees in other functions, new starts and site-based staff were provided risk-based ethics and compliance training which is relevant to their job role through other initiatives during the year. Initiatives included several data privacy and protection courses, training for project managers working on government contracts, orientation for Ethics Responsible Officers and introductory Code of Conduct training. Our training and communication efforts are a fundamental component of the E&C programme and help reinforce a strong ethical culture throughout Wood.

Trade compliance

As part of our commitment to continuous improvement, we have produced a plan for a Trade Compliance Risk Assessment and appointed a leading law firm to support us with that work. The Risk Assessment will be completed in 2021 and will be used to develop a trade compliance improvement plan. We have also created a new Trade Compliance Counsel role as an expert role, to improve sanctions and export control compliance.

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 can make reports by telephone or by web and may elect to remain anonymous.

During 2020, a total of 147 concerns were received through the Ethics Helpline and internal channels. All concerns are reviewed and necessary disciplinary action and/or remedial action is taken as appropriate. Of the 32 allegations which were substantiated this year after review or investigation, eight resulted in termination of employment for serious violations of company policy such as discrimination or harassment.

We continue to encourage employees to use their line manager as a first point of contact to report concerns, with additional "speak up resources" available thereafter such as P&O, another manager, Legal, E&C or the Ethics Helpline if needed.

Ethical culture

In 2020, an Ethical Culture Survey was distributed in our Latin America operations to better understand perceptions of employees in geographies where public sector corruption can present heightened cultural challenges. When assessed against an industry benchmark maintained by the specialist survey provider, the response rate exceeded expectations and the detailed results provided a number of valuable indicators. The results compared favourably for Wood with respect to perceived integrity of peers and leaders, faith in Wood protecting those who report misconduct in good faith, respondents' willingness to report observed misconduct and a strong response that pressure to breach Wood's policies or the law is not present. Opportunities for improvement in this region include awareness of the compliance programme resources including key policies, how to report ethical concerns and effectiveness of training. The results of the survey will be used to inform future training, engagement and communication efforts. We plan to conduct another Ethical Culture Survey in 2021 for a population in the business.

Data privacy and protection

We continue to drive improvements in how we manage personal data through our data privacy and protection programme. Communications and training have been a key focus throughout 2020. Bi-monthly 15-minute training sessions and updates were shared with the Data Protection Ambassadors network.

Tailored training was provided to more than 2,000 attendees, primarily regarding Wood's global data protection approach and local privacy law changes relevant to their job roles.

A successful implementation programme was undertaken to ensure lei Geral de Proteção de Dados (LGPD), the Brazilian privacy law which came into effect in September 2020, was appropriately implemented in Wood's Brazil offices. Implementation activities are ongoing for new laws in New Zealand, Thailand and South Africa. Actions were undertaken to respond to increased data collection requirements and issues resulting from Covid-19 including updating our worker privacy notice, advising on the legality and constraints on data collection, and creating work from home guidance.

More than 250 assessments have now commenced in Wood's One Trust privacy assessment system, ranging from security assessments to data protection impact assessments. The One Trust system serves as a knowledge repository about Wood's approach to data protection in various systems. Assessments were identified in a risk-based manner based on legal requirements, the type of data being used and the way the data is being used. Assessments of larger systems such as Oracle and iCIMS are ongoing and develop as data processing in those systems changes.

Data privacy incidents continue to be low-level impact and mainly occur within our internal environment such as sending an email to the wrong Wood employee. Incident learnings are used to drive improvements throughout our businesses. The volume of individual subject access requests remains stable and they have been handled in compliance with legislation.

US Administrative Agreement

On 23 February 2020, Wood received confirmation from the US Environmental Protection Agency concluding the Administrative Agreement which resulted from regulatory settlements in Wood Group's Gulf of Mexico business in 2017. The Independent Monitors who were tasked with overseeing compliance with the Agreement again certified that Wood remained compliant with the obligations of the Agreement during its three-year term and has embedded sustainable improvements to our E&C programme, HSSEA practices and Gulf of Mexico operations.

Environment

We care about the impact on the environment from our operations and understand our responsibility to our stakeholders to protect and preserve the environment both in how we deliver our solutions and how we operate our business.

Our approach to environmental management

Good environmental management is not only critical to protect our business but also our people and the locations in which we operate. Identifying and managing environmental risks is fundamental to the sustainability and resilience of our business.

Our HSSE Policy details our commitment to the environment and is supported by our integrated HSSEA management system. The management system provides the framework for how we manage environmental risks globally and is aligned to ISO14001:2015 ensuring our processes are effective and driving continuous improvement in our environmental performance. Our certification covers over 11,000 employees globally and is externally verified by Lloyds Register.

Those areas not covered by our certification must comply with our minimum environmental standards, which although not certified, have been developed to meet the requirements of the standard. Developed following a comprehensive review of Wood's environmental commitments and performance, our standards consider environmental best practice (including ISO 14001:2015), regulatory performance and environmental incident investigations. Compliance with the standards is mandatory wherever we have operational control, thus creating a consistent approach to environmental management.

The standards are split into two sections: managing environmental risks and reducing our impact on the environment, with each further sub-divided into key elements. A web-based gap analysis tool is used to assess compliance with the standards and aid improvement against a maturity scale.

Managing environmental risks

Environment in project design	Environmental due diligence	Environmental aspects and impacts
Site set up	Emergency preparedness	Polluting material storage
Protected and sensitive environments	Permissions and licences	Site vehicles and equipment

Reducing our impact on the environment

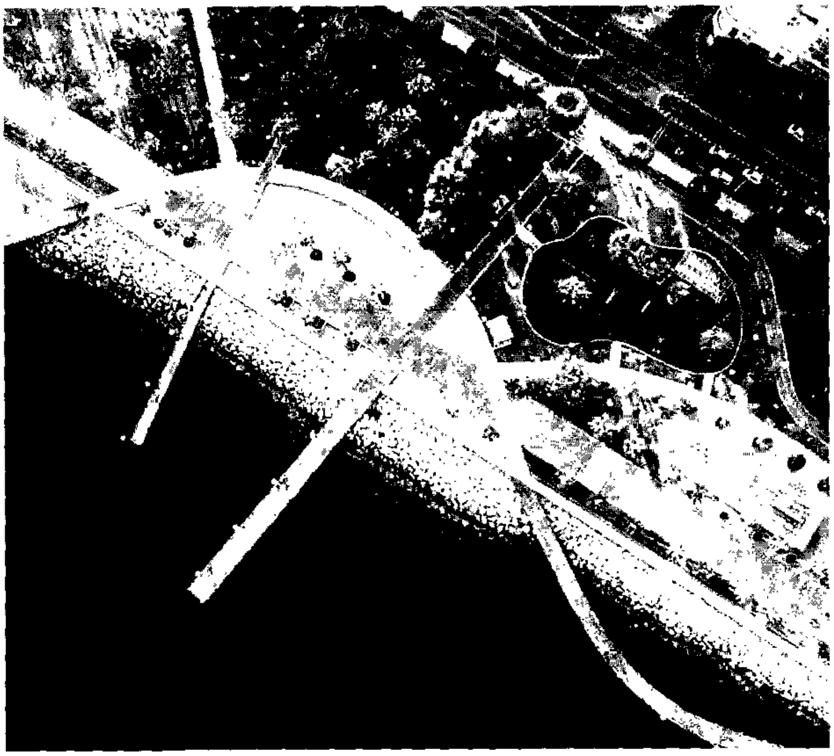
Carbon management	Water preservation and protection	Spill response
Waste management	Air pollution	

Our environmental strategy is deliberately simple, focusing on three key areas:

Managing environmental risks
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 impact on the environment
We care about the legacy we leave behind as a result of our operations and strive to eliminate or reduce any negative environmental impacts likely to result from our operations.

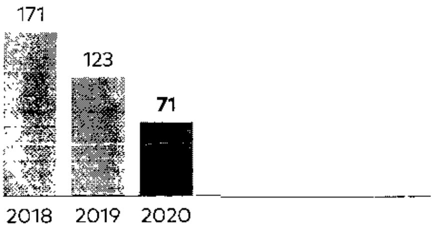
Raising environmental awareness and competence amongst employees
It is vital that our employees understand why we care about the environment and why it is important to our business.



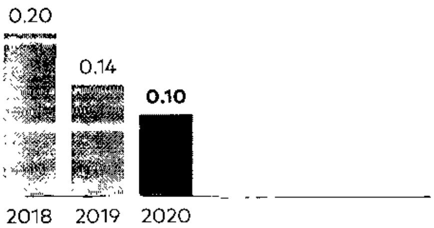
Environmental performance

All environmental incidents are reported globally into our in-house incident management and analysis tool, CAIRS. Monthly and quarterly reports are provided to senior leadership and the Board providing visibility of environmental performance and ensuring environmental management is addressed at the highest level in the organisation.

Number of environmental incidents



Environmental Incident Frequency Rate
per 200,000 work hours



The number of environmental incidents reported in 2020 fell by 42% compared to 2019. All of the incidents recorded were minor in nature with no major incidents reported. Our projects and offices have been impacted in various ways by the Covid 19 pandemic, including temporary office and project closures, reduced workforces or restricted activities, which have contributed to the reduction in the number of incidents that occurred.

The most common cause of incidents (42%) reported were due to failure of plant and equipment, with hydraulic oil the most common contaminant. We will continue to monitor the information relating to such incidents and work with suppliers to take pro-active steps where possible to prevent recurrence.

As well as a reduction in environmental incidents, we have also seen a reduction of 29% in our environmental frequency rate compared to 2019. We did not face any prosecutions for environmental related offences in 2020.

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

Awareness of global environmental issues

We recognise the importance of supporting internationally recognised days that help promote issues of global interest and concern. Raising awareness on environmental issues, through the medium of global awareness days, gives us the platform to explain the issues involved, help our employees understand the 'call to action' and promote individual responsibility to drive action forward. We observe two main dates in our global calendar of events dedicated to environmental awareness, Earth Day in April and World Environment Day in June. In addition to these dates our annual Sustainability Week at the end of September provides further opportunity to shine a light on environmental issues and action to support the UN Sustainable Development Goals.

In response to the global focus and challenge on single use plastics, Wood's Single Use Plastic Working Group, set up in 2018, continued to focus on how Wood could take strategic action to aid in collective efforts to reduce single use plastic usage. As a result, we have committed to making our offices single use plastic free by 2025. We have developed a strategy which sets out a roadmap to achieving this through initiatives led by the organisation and encouraging our employees to take action individually and collectively.

Target:

100%

Wood offices single use plastic free by 2025

Reducing our impact

Carbon reduction

We recognise the importance of the United Nations Paris Agreement and strive to play our part in the global collective effort towards carbon reduction. As well as the support we offer our clients towards achieving their decarbonisation objectives, in 2020 we have considered our own operations and what we can do to contribute.

In 2017, we adopted a three-year carbon strategy to align reporting across heritage organisations with the aim to create a baseline set of emissions in 2020. We achieved this goal in 2019 allowing us to focus our efforts in 2020 on how we could reduce our own footprint.

To recognise World Environment Day, we announced a science-based carbon reduction target for a 40% reduction in scope 1 and 2 emissions by 2030 in our journey towards net-zero. This will put Wood on a trajectory well beyond the 2°C goal identified by the Paris Agreement, and will be achieved without the use of carbon offsets. A market-based emissions methodology, which takes into account the preferences organisations have made in relation to the procurement of electricity, has been used to establish our revised 2019 baseline of 173,585 tonnes CO2e and will be utilised going forward when assessing progress against the target.

We have chosen to report in this way as a key element of our carbon reduction strategy is to transition to procuring electricity solely from renewable sources. Using a market-based methodology allows for a true reflection of the impact on our emissions to be reported. Our baseline data set and our target modelling have both undergone review by an independent third party.

In order to ensure we have true transparency and oversight of the emissions resulting from our operations, we commissioned an independent materiality assessment of our scope 3 emissions. As a result of this review our aim is to adopt a target to reduce our scope 3 emissions, including those from our data centres, in 2021. As part of this we are assessing the impact on our scope 3 emissions of changes to working practices due to the pandemic, including emissions from increased home working and also reduced employee commuting. Once a target is established, we will look to seek approval of our targets through the Science Based Target Initiative (SBTi). The SBTi is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the Worldwide Fund for Nature (WWF) that independently assesses and approves companies' targets.

Carbon performance

Total global greenhouse gas (GHG) emissions for Wood for the period 01 October 2019 to 30 September 2020:

159,276 tonnes of CO2e (market-based)

A total split of emissions is shown in the table opposite. The emissions stated for 2019 have been restated to reflect the findings of the independent review of our 2019 data set. This included a comprehensive review of the contract for the operations of the Martinez Power Plant which concluded that Wood does not have operational control of the site for the purposes of emissions reporting and as such emissions from the plant have been reclassified from scope 1 to scope 3 'downstream leased asset'. In addition, 2019 UK scope 1 emissions have been restated as the review identified a source of emissions that had been excluded in error in 2019. This was due to an issue with reports generated by the third party carbon reporting software we utilise. In early 2021, we will move to a new software for the monitoring and reporting our emissions. In the meantime, we are undertaking additional verification checks on our emissions data until the new software is in place.

There has been an 8% reduction in absolute emissions (market-based) in 2020. The Covid-19 pandemic has undoubtedly impacted our emissions in a number of ways:

- Office closures
- Reduced staffing in those offices that remained open
- Temporary project closures reducing fuel usage on site

The rise in our scope 1 emissions related to increased fleet mileage being undertaken. This is due to improved data capture in this area and changes in employee travel. With restrictions to air and rail travel due to the pandemic, employees have travelled by company vehicles instead.

Our global revenue intensity ratio has also risen this year as a result of the fall in revenue due to market conditions.

Awareness materials around carbon reduction were launched throughout the business to mark both Earth Day and World Environment Day. The campaigns focused on raising awareness of Wood's carbon footprint and the sources of our emissions, as well as behavioural change tools.

Global GHG emissions and energy use data for period 1 October 2019 to 30 September 2020

	2019-20		2018-19	
Emissions from:	**Wood UK Emissions**	**Wood Global Emissions**	Wood UK Emissions	Wood Global Emissions
Activities for which the Company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO2e	**3,789**	**86,026**	10.174	78,084
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location-based) / tCO2e	**18,124**	**75,664**	28,106	101,503
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market-based) / tCO2e	**16,480**	**73,249**	22,105	95,501
Total gross Scope 1 & Scope 2 emissions (location-based) / tCO2e	**21,913**	**161,690**	38,280	179,587
Total gross Scope 1 & Scope 2 emissions (market-based) / tCO2e	**20,269**	**159,276**	32,279	173,585
Energy consumption used to calculate above emissions (MWh)	**95,356**	**408,158**	109,862	582,771
Company's chosen intensity ratio: tCO2e (gross Scope 1 & 2, location-based) / $100,000 revenue	**2.37**	**2.14**	3.31	1.82
Company's chosen intensity ratio: tCO2e (gross Scope 1 & 2, market-based) / $100,000 revenue	**2.20**	**2.11**	2.79	1.76

GHG Emissions Methodology

Following the completion of our three-year carbon strategy to align heritage organisations to one standard process of reporting, Wood now have a consistent GHG methodology for reporting emissions across the organisation.

Reporting period – Our reporting period covers 1 October – 30 September. This approach reduces reliance on estimation to increase the accuracy of reporting.

Reporting boundaries – our emissions are reported within an operational control boundary.

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

Energy efficiency

As with many organisations, our way of working has changed substantially this year, with many of our employees spending most of the year working from home as a result of the Covid-19 pandemic. An overview of our energy usage can be found in the table on page 44. The learning from this experience has significantly assisted our workplace strategy, a key goal of which is increased efficiency. The strategy will be rolled out and embedded throughout 2021. Whilst we have taken significant time reviewing our approach to the workplace, we have also continued to make energy efficiency improvements across our global office portfolio. These include, but are not limited to:

- Working with the landlord in one of our largest UK offices, Staines, to introduce more efficient systems
- Converting offices to open plan space in our Milan office, resulting in an improvement in the average energy consumption per employee
- Environmental impacts formed the basis of decisions made during a refit at our Perth office which included the installation of energy efficient lighting

As well as a focus on energy efficiency in our offices, we have also made improvements in fleet management within our consultancy business in the US. Due to the nature of works undertaken by this area of the business, fleet management is of material importance. Some of the steps taken include:

- Increased diligence around matching vehicles to the need. As a result, the proportion of smaller vehicles has increased, thereby reducing fuel usage
- Reducing the number of under-utilised vehicles in our fleet, setting utilisation targets so that we hold the appropriate balance of fleet versus rental vehicles
- Replacement of older fleet vehicles for new efficient models

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

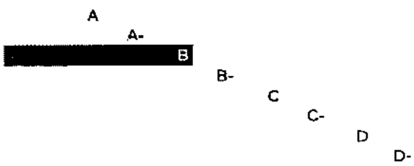
Climate change risks and opportunities

At Wood we support the current scientific understanding of how greenhouse gas emissions affect the global climate, and the longer-term impacts that climate change will have on society, the economy, and the planet we share. We recognise the role we play in driving a net-zero economy and believe that through innovative thinking and proactive challenge, we can realise a net-zero future, as envisaged by the Paris Agreement, that works towards global sustainability goals and targets on global temperature rise.

To demonstrate our commitment to global efforts to tackle climate change, 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.

An index of our disclosures against the TCFD recommendations is available on page 120 of our 2020 Sustainability Report: **woodplc.com/sustainability**

In 2020, we submitted our third submission to CDP Climate Change as Wood, building upon a long history of participation in the scheme. We received a disclosure score of 'B' which is a significant achievement and improvement on our 2019 score of 'C'; providing recognition of the effectiveness of our carbon strategy.



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

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

This year, for the first time Wood also chose to disclose to the Dow Jones Sustainability Indices (DJSI). The DJSI are a family of best-in-class benchmarks for investors who integrate sustainability considerations into their investment portfolios. Only the top ranked (10%) companies within each industry are selected for inclusion in the Dow Jones Sustainability Index family. Although Wood was not included in the top 10% in 2020, the insights gained as a result of the process provide us with a benchmark to assess the effectiveness and progress of our programme as we move forward. Our goal is to not only be included in the listing, but also to be sector leaders in our category.

Whilst we recognise the risks associated with climate change to our business and our assessment of these risks and our actions to mitigate are set out on page 62, we also see significant opportunities from our strategy that is aligned to supporting the energy transition and the development of sustainable infrastructure. In 2019, Wood undertook a qualitative scenario planning session across our global business exploring the pace and depth of the low-carbon energy transition, in aiming to meet the Paris Agreement targets. We are also currently building our scenario analysis in line with the recommendations laid out by the TCFD on climate-related scenario analysis, to quantitatively assess the potential risks and, more significantly, the opportunities across our business on the various pathways to achievement of the UN Sustainable Development Goals and the Paris Agreement. The results of these are informing our actions as we continue to deliver against our strategy, with a focus on:

- Ensuring our business is financially resilient and our business model is optimised to keep pace with the trends of energy transition and sustainable infrastructure
- Supporting our clients with understanding and delivering on their climate-related and net-zero targets
- Aligning to provide differentiated service offerings to engineer solutions for a net-zero world

Our work in this area feeds into our wider strategic planning, where we specifically address climate change through our principal risk, ESG strategy & performance, as described on page 62.

In 2021, we will look to roll out the TCFD recommendations for quantifying climate-related scenario analysis across our business units.

We are already actively delivering projects that are focused on enabling the energy transition. Solutions range from decarbonising offshore installations by connecting to floating wind farms, developing a master plan for carbon capture and storage (CCS) from existing industrial sites, developing decarbonisation road maps and providing software to monitor emissions from industrial facilities.

In addition, our strategic focus and capabilities related to sustainable infrastructure development are helping to solve the challenges of rapid urbanisation and address the social, economic and environmental impacts of climate change to strengthen global resilience. We are actively engaged with key global organisations that are at the forefront of how cities are leveraging infrastructure and energy projects to serve as a catalyst to recover and build back even better. For example, the Global Resilient Cities Network recently launched its Toolkit for a Resilient Recovery. The toolkit includes Wood's Urban Resilience Screen, a diagnostic tool that helps cities develop, design and build projects that investors can fund.

This is reflective of the strategic actions we have taken to broaden our capabilities across diverse energy and built environment markets such that upstream/midstream oil & gas represents around one-third of our revenue, compared to c90% as recently as 2014. As we continue to deliver our strategy, we want to be recognised as a trusted partner to solve the challenges of our changing climate and developing populations and as such have pledged to doubling client support aligned to the energy transition and more sustainable infrastructure by 2030.

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

Stronger together

Climate change is one of the most important and serious challenges humanity has ever faced and we are partnering with Microsoft to unlock solutions for a better tomorrow.

The Paris Agreement set the target of limiting global warming to 1.5–2.0°C more than pre-industrial levels. By 2020, emissions should have peaked, but progress has been limited and the world is heading for a 3°C rise by 2050.

Every organisation urgently needs to implement sustainability measures that are data-driven, enabled by innovative real-time digital technology and make an immediate impact on decarbonisation and emissions. No single company can do this on their own, who you partner with is key.

We are building key strategic technology partnerships to unlock solutions to solve some of the biggest challenges our clients have. One such partnership is with Microsoft, where together we are able to provide clients with access to both in-depth industry expertise and innovative, artificial intelligence (AI)-powered data science solutions on cost-effective technology platforms that are proven, tested and scalable.

We are aligning our collective efforts with a goal to accelerate the responsible adoption of sustainable solutions; combining our focus on solving complex energy transition challenges with Microsoft's carbon reduction commitment to help clients around the world through the power of data science, artificial intelligence and digital technology.

Wood and Microsoft are co-creating a technology enabled, cloud-based capability suite of Microsoft and partner tools to monitor, track and advise clients on their asset performance. The first set of these are:

- ENVision; an environmental monitoring solution which focuses directly on the Internet of Things (IoT) and sensor-driven, real-time carbon/emissions monitoring
- Decarbonisation SCORE, a methodology providing a roadmap to setting and delivering emissions reduction targets

We will continue to expand this portfolio; with some of the future solutions currently in review and development including digital twins for renewables, flood defences and weather monitoring to make predictive informed operational decisions.

What is your decarbonisation SCORE?

High on the energy transition agenda is the need to reduce the environmental impact and emissions from carbon intensive industries. Energy, heat production and industrial processes account for 55% of all global greenhouse gas emissions.

The growing development of carbon pricing whether through emissions trading systems or carbon taxes, ensures emitting operators and developers have responsibility for their emissions but it is also stimulating clean technology and market innovation, fuelling new, low-carbon drivers of economic growth.

Our decarbonisation SCORE methodology is designed to assist our clients with this by providing a roadmap to setting and delivering emissions reduction targets.

Operators need to fully understand the policy landscape and their carbon baseline, before defining objectives and targets for decarbonisation through benchmarking, assessing market impacts and taking consideration of policy and corporate strategy.

They then need to review and map assets to enable development of decarbonisation pathway scenarios.

Our structured and dynamic process brings together the breadth of our technical consultancy, project and operations expertise, with a deep understanding of innovative technology solutions, as well as wide sector and global experience as a trusted thinking and delivery partner. We review substitution, capture, offsetting, and reduction options and evaluate (SCORE) their economic and operational potential. Working with clients, we aim to produce a decarbonisation roadmap for their organisation. We can also design the solution, to help clients implement the necessary changes, and monitor performance with real-time insight.

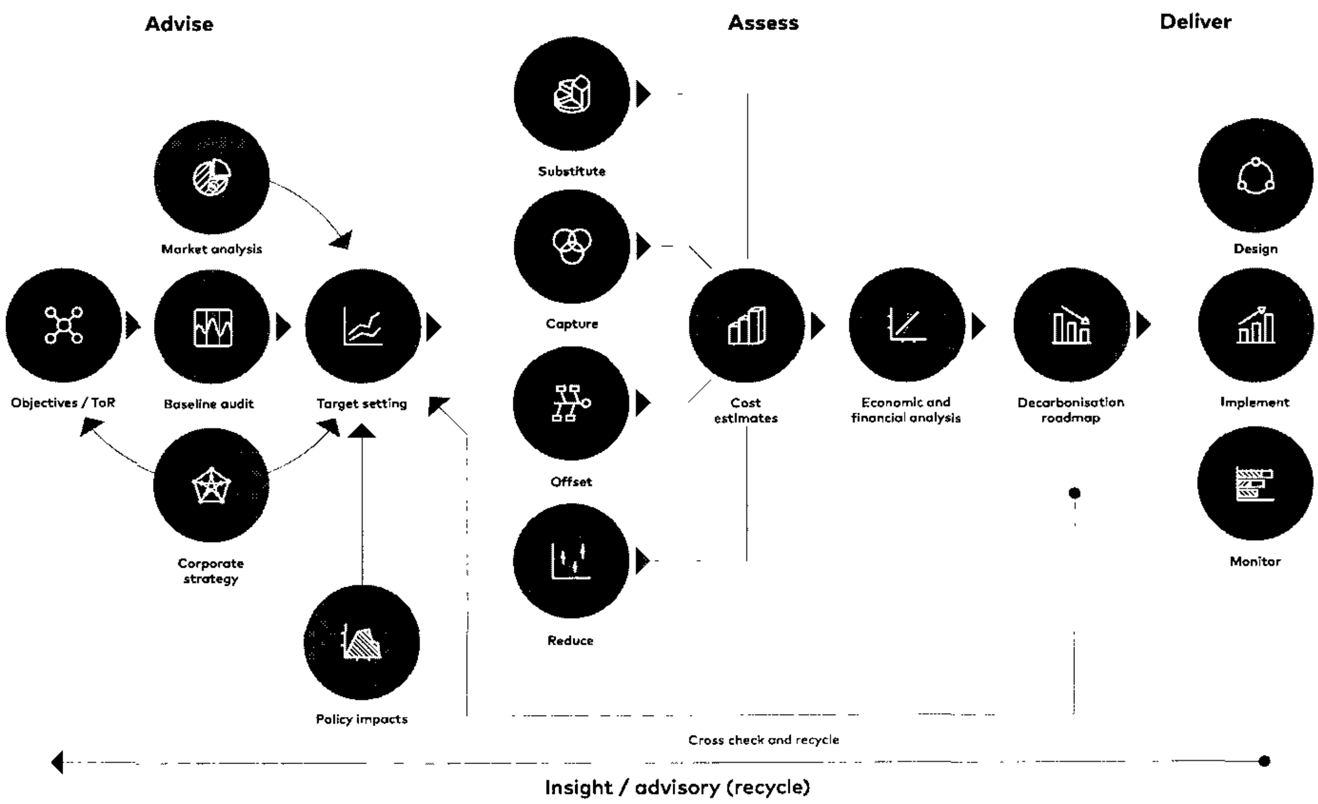
The decarbonisation SCORE methodology can be applied to single or multiple assets, to a client's full asset portfolio or across a specific geography or region using an evaluation assessment of opportunities to substitute, capture, offset, reduce and evaluate.

Environment and Climate Change Canada (ECCC)

Using our SCORE methodology we undertook a study on the ECCC's behalf to assess the emission reduction potential resulting from the implementation of the "best technologies available" in upcoming projects subject to federal environmental assessments until 2030.

The work involved establishing a methodology to allow for greenhouse gas estimation based upon the type of project or the sector into which the proposed facilities would fall. The study involved estimating direct GHG emissions for standard projects in the following sectors: oil and gas, electricity production, mining and processing, forestry and chemicals production. This set a benchmark to enable estimations of the quantity of emission reductions achievable by implementing the "best technologies available" to the projects.

Score methodology



People

2020 has challenged us all in different ways but, as Team Wood, we have kept working hard to deliver for our clients, stayed connected with our colleagues and looked after the communities in which we live.

Resilience, care, agility, inspiration, engagement and celebration are the key words to summarise our people activities in 2020. Never before have our values of courage, care and commitment been so visible in everything our people have accomplished across our global teams in these unprecedented times.

Resilience

In the first quarter of the year, we faced the challenges of Covid-19, and oil price volatility, both of which presented unique and unparalleled challenges across our global business.

In order to protect and sustain the business, the Board, Executive Leadership Team, and senior management elected to take a voluntary reduction in base salary and the leadership team took the difficult decision to ask a group of employees in our business to also consider reducing their base salary. This impacted around 3,300 employees globally and a reduction, on average of 10%, was implemented from April 2020 for a period of nine months. We engaged with each employee individually and with employee groups through town hall meetings, discussions and FAQs to ask them to consider a voluntary reduction to their salary. The response demonstrated the strength of commitment of our colleagues with support received from 98.5% of those involved. Voluntary salary reductions were in place for the nine month period anticipated and salaries have been re-instated to previous levels with effect from 1 January 2021 for those employees affected.

Other difficult measures taken during the year included a substantial number of redundancies, the targeted use of furlough programmes and reduced working hours. Wherever possible we have sought to retain skills and experience in our business and protect as many jobs as possible.

Agility

As we entered the second quarter, we responded quickly to the challenge of safely implementing remote, agile, working for all our office-based employees. Our IT team provided exceptional support, ensuring that by early April around 40,000 employees had access to remote working facilities; at the peak 21,000 employees successfully logged on at the same time. Our teams have adapted to these new ways of flexible working, balancing multiple personal commitments with those of the business.

During the year we increased employee engagement, conducting multiple engagement surveys to ensure we stayed connected with our people. They shared with us their gratitude for the care they experienced, and their belief that Wood had continued to deliver for its clients as well as taking the appropriate precautions to keep them safe and healthy as part of our duty of care as an employer.

With "at home" working becoming the "new normal" for many of our employees, and in response to feedback received, we introduced a remote working global policy. This policy reflects the diverse nature of our business and balances the needs, circumstances, and safety of our employees with the needs of our clients and how we deliver for them. This will create opportunities for our people to optimise their future way of working.

c40,000

employees working remotely by early April

21,000

employees successfully logged on simultaneously

Engagement

Employee engagement is critical to our business success. The Board considers that meaningful, regular dialogue with employees provides it greater insights into the culture, activities and experiences of the people in our business. There are a number of ways we ensure our people are engaged, including global networks, Team Wood Yammer, Employee Surveys and, "Life at Wood" which draws together a range of resources aimed at embedding our culture and enabling our people to engage with the business and connect with each other.

Regular updates are also provided to our leadership teams from the CFO on financial performance and market conditions affecting the Company and from Executive President of HSSES on safety matters. In 2020 we introduced a new leadership channel to inform our leaders and provide resources to support regular, effective engagement with their teams; and a new Wood News site that drives two-way engagement with employees and improves the user journey.

Connecting as a community is key to our success. We want our people to be informed, engaged, and inspired as part of our team; to understand the objectives of the business; and to be on board with our strategy in terms of both performance and culture. We are all accountable to drive engagement at Wood, whether as leaders engaging with teams or as colleagues connecting with peers.

Global engagement survey

In our global engagement survey in June, we asked our people to speak up and share what works well and where we can improve the employee experience. Over 13,000 employees from across our sites and offices in 47 countries took the opportunity to make their voices heard, with results being shared with the Board to enable them to continue to measure and monitor the effectiveness of our culture, as well as challenge management on where improvements need to be made.

13,000+

employees who tool part in our global engagement survey

47

countries represented

The Board was greatly encouraged that measures put in place such as flexible working were having a positive impact, along with the additional support of the global employee assistance program. The top scoring areas were:

- I believe we continue to deliver for our clients during these challenging times
- My manager is supportive of my personal circumstances
- I feel like I am given the freedom to decide how to do my work

All of our scores were net promoter score (NPS) positive but our people told us that there is room for improvement in how connected they feel to the wider Wood community. As result we have increased our focus on expanding our global employee networks and ensuring each has visible senior leadership sponsorship.

Growing our employee networks

Our volunteer networks have grown by 30% in 2020 and now involve more than 27,000 people, including the Listening Group Network, Armed Forces Network, Developing Professionals Network, Minerva - Gender Balance Network, Pride and We Care. In 2020 we were proud to launch our Wood Race Ethnicity Network (WREN) which seeks to raise the profile of diverse voices, increase awareness of the experience of others, speak up against racism and discrimination, create a safe space to connect and learn, strengthen the visibility of people of colour and advance ethnic diversity and inclusivity.

Each network is open and inclusive to everyone and provides a platform for employees to connect, learn, share views, tell us what we are doing well and recommend improvements to enhance our culture that focuses on creating an environment where our people enjoy coming to work every day and our clients want to work with us. They have clear terms of reference and an action plan for the year, which is aligned to our culture and inclusion ambitions. A key collaboration tool is the use of the internal social network, Yammer, which is used by the networks to share activities, learn from other groups, and encourage online discussion. We are particularly proud that members of our Armed Forces Network were deployed to support their governments' responses to the Covid-19 pandemic, taking a sabbatical from their roles in Wood.

30%

growth in employee networks

27,000

employee network participants

Care

Listening Group Network

The Listening Group Network (LGN) is our most important direct communication and feedback channel between employees and leadership. It meets virtually every two months and is hosted by a member of the Executive Leadership Team. Despite the business disruption caused by the pandemic, we have maintained the focus on this critical engagement and have also increased participation levels.

Twice a year, a non-executive director chairs the forum, strengthening the "employee voice" in the boardroom and enabling the Board to better understand, monitor and assess the culture across the organisation. The LGN now has over 2,500 active employees, representing 48 countries.

2,500
active employees in the LGN

Network members facilitate the exchange of information to, from and on behalf of their local teams, offices and sites helping make everyone feel involved and heard. Through sharing information, really listening to feedback, and asking opinions on key issues real, tangible actions have been taken and changes have been made, including:

- The establishment of our wellbeing hub and global community of practice, which provides key resources on all aspects of wellbeing and connects focal points to develop communications and support materials for our workforce
- The development of our global armed forces reservist policy (previously only in place in a few countries), providing full time reservist and adult cadet volunteer employees up to 10 days' additional leave to enable them to complete their annual armed forces commitments. In addition, we will make up the difference between the reservist employee's service pay and their basic pay during this additional leave
- The introduction of our conscious inclusion webinar, supporting our shared commitment that Wood should be a place all our people feel they belong
- The addition of our WREN which has over 400 members and growing
- The creation of our "We Belong" blogs that hand the pen to our people to share their experiences, how it feels to be a part of our business, and what belonging at Wood means to them
- The implementation of our new leadership channel in response to feedback that our people want leadership to "show up" and connect with them directly, giving them timely updates about the business. The channel provides regular updates to leadership with call recordings for their information and slide deck material and briefings can be shared with their teams

The final call of 2020 was co-hosted by Jacqui Ferguson, Chair of the Remuneration Committee and attended by Nigel Mills, Senior Independent Director. The call focused on reward and wellbeing at Wood in response to previous engagement surveys where our employees told us that they wanted more transparency and open conversations on pay; an understanding of career paths and link to pay; how we ensure reward is fair; and how Wood supports wider wellbeing. More details on the reward discussions can be found on page 98, and we have committed to specific country and regional employee engagement networks as a result of feedback from the call.

Nina Schofield, Executive President HSSES used the call to update participants about Wood's safety performance and future focus and took time out to celebrate the success of the wellbeing framework, supported by the "Living Well at Wood" intranet site and a global community of practice. The framework focuses on providing our people with support in the areas of physical, emotional, financial, social, and environmental health, and career, with the global employee assistance program (EAP) playing an instrumental role.

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.

Living Well at Wood

Since the launch of the "Living Well at Wood" site in July, more than 6,000 individual users have logged on, with more than 16,000 site views. This has been a fantastic success, and along with the EAP program, the site has been a key component of our focus on safety and wellbeing during this difficult year. We are particularly proud of the additional mental health support and materials now available to our people. Being part of the Wood family means our people are 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 those closest to them.

6,000+
individual users have logged on

16,000+
Living Well at Wood users

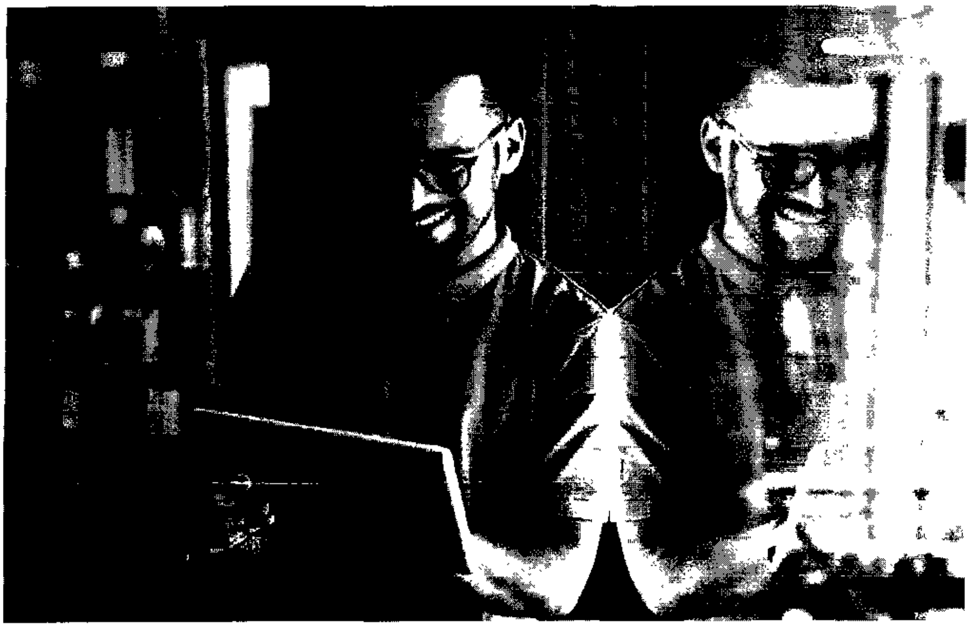
During the year we have delivered against commitments in response to previous feedback including:

- Implementation of a technical global job framework, in addition to the functional framework rolled out in 2019. This provides a consistent, structured and simplified approach to understanding jobs across our business, supporting business flexibility, agility and career paths for our people
- Continued reduction of entities to simplify our global structure and remove internal barriers to collaborative working. Despite the challenges faced by the business due to the pandemic, we continued to make progress and have reduced the number of entities by 84
- Providing regular updates to the top 400 leaders on financial and safety performance from the CFO and Executive President HSSES. In 2021 we will introduce similar updates from the Executive President of People & Organisation (P&O)

Inspiration

Wood's success depends on our people. Our strong culture is shaped by a common set of behaviours demonstrated by our people in everything that they do: by listening up for possibilities; lifting others up and leading by example; standing up to contribute; teaming up to work collectively; speaking up to share best practices; and never giving up by staying focused.

Our teams consistently show up, deliver success, support one another, and work together to achieve which has been critical in particular during this extraordinary year. We provide opportunities for our people to instantly, and personally, celebrate other colleagues, including more formal programs to celebrate success and recognise outstanding contributions.



Celebration

In October we lifted each other up across Wood, celebrating our 2020 Inspire Awards in a virtual ceremony to recognise all of our finalists and winners. More than 1,500 people took the time to nominate colleagues who had inspired them across nine categories, with a global winner selected overall. Examples of inspirational activities included actions by our chemicals & downstream team in Canada to develop and implement a strategy to enhance opportunities for local and indigenous businesses and people, positively impacting the local infrastructure and promoting better cultural understanding and partnership with indigenous communities.

1,500

Inspire Awards nominations

Our Safety Shield monthly awards celebrate those who have stepped up and made a significant contribution to improving the safety of our people or others. Each business unit awards one winner per month, aligning with the three elements of Wood's Safety Shield: Prepare, Engage, and Intervene. The spirit of the award is to celebrate our Wood heroes who show exceptional courage, commitment, and care to keep people safe.

Examples of our people actively protecting our operations and others from harm included a Wood colleague ensuring that a contractor had a Field Level Risk Assessment (FLRA) in place prior to starting work and taking the responsibility to prompt the contractor to revisit it when work stopped and conditions changed; and another employee who produced awareness videos in English and Portuguese based on their experience of contracting Covid-19 to raise awareness within Wood.

The "Kudos Awards" are an employee recognition scheme that puts people first and enables us to shine the spotlight on exceptional people across the ASA business. Winners were selected quarterly, recognising employees who have demonstrated our values in action showing their care, commitment to outstanding delivery and for being courageous enough to push the boundaries, seek improvement and show persistency and passion.

"Think Big, Be Bold Awards" recognised those in Operations Services Europe & Africa who are pushing the boundaries or disrupting the norm to revolutionise the solutions we deliver. We want to recognise our people who are thinking big and being bold to deliver our strategy and drive change. To align with the strategic direction of our business, the *awards programme was refreshed to* celebrate and reward actions, behaviours and ideas that are most aligned to the guiding principles of our strategy.

Inclusion and diversity

We continue to monitor compliance against our global people policies; Human Rights, Equal Opportunities, Inclusion & Diversity (I&D) and Anti-Slavery and Human Trafficking. This is done via internal audits carried out by our 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.

Our recently published sustainability report highlights the protection and enhancement of human rights as essential to a sustainable business. In particular addressing the risk of modern slavery and human trafficking in our value chain is one of our top twelve prioritised material issues.

Our modern slavery statement detailing our action to prevent modern slavery across our business and supply chain can be found at: **woodplc.com/modernslavery**

How we treat the most vulnerable people in our work environment says a great deal about our ethics and culture and whether we really demonstrate our commitment to care. Wood is a founding member of the industry-led, business financed, initiative "Building Responsibly". This is a group of leading engineering and construction companies working together to raise the bar in promoting the rights and welfare of workers across the industry, by determining worker welfare principles which underpin fair and decent treatment for the entire workforce.

Find out more at: **www.building-responsibly.org**

Wood's commitment to work fairly, transparently and ethically through the trusted partnership of "Building Responsibly" is solidified in our business wide sustainability targets to ensure:

Target:

100%

labour suppliers signing up & complying with Building Responsibly Principles by 2025

Target:

100%

suppliers with Building Responsibly Principles embedded into their supply chains by 2030

As an inclusive and equal opportunities employer, Wood gives full consideration to applications for employment from all levels of ability where the requirements of the job can be adequately fulfilled by a person with impairment. Where existing employees become disabled, it is the Company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate, as we would for any other employee.

The Board maintains focus on I&D matters and is updated at each meeting on progress being made, particularly with regards to diverse talent being identified for succession and females being appointed into positions of leadership.

Our commitment to I&D is a strategic imperative and fundamental to our efforts in creating a great working environment and culture where we respect the many different cultures, backgrounds and perspectives in Wood. We want our people to feel involved, respected, valued, trusted, connected, cared for, and empowered. It not only benefits our people, but all our stakeholders as well.

Whilst embracing diversity and creating an inclusive working environment is implicit in our values and behaviours, we recognise that we are still on a journey towards achieving this. This is a shared responsibility of all of us which will take conscious action to achieve and sustain. As individuals, teams, offices, sites and countries, the maturity of our knowledge and understanding of inclusion and diversity is at different stages. Our approach reflects this, enabling those who are further forward to continue to take action that is meaningful for them, whilst helping those who are just starting out to develop their knowledge and start to engage.

In 2020 we developed and implemented a conscious inclusion webinar for Board members, the Executive Leadership Team and all our senior global leaders. The webinar raises awareness of what conscious inclusion is and the impact of non-inclusion in the workplace. It also explores that bias people may carry with them and helps understanding on how they can be unlocked to enhance their own and others' experience at Wood. We have also initiated a review of our global suite of role profiles, using an online gender decoder to ensure our language is either neutral or feminine coded; and moved to using the International Standard Classification of Education (ISCED) education levels to be inclusive of those with non-traditional educations and to recognise equivalent qualifications from any country.

Target:

To educate and inspire

100%

of our colleagues to be inclusive every day

In 2021 we will focus on:

- Delivering conscious inclusion awareness training to all employees
- Providing ethnicity reporting, where legally possible, to review and ensure equality of reward and employee experience and establish specific ethnic diversity targets. This will be in addition to the gender reporting currently in place. A detailed legal review is underway to see how we can voluntarily gather data for people in our major hubs of the UK, Canada, Australia and USA. Critical to this will be engagement and communication, our people need to understand why we are gathering the data; what it will and will not be used for; where it will be stored and who will have access to it. Above all, we want our people to feel safe and confident in providing the data

- Expanding our internal pay equity reporting which enhances our leaders' understanding of the impact of our pay practices across our global workforce, address any potential issues and support the development of a longer-term transparent and open culture around reward. This is in direct response to feedback from our employee survey indicating that our people want to understand how we demonstrate fair reward. We will continue to be mindful of sharing the results of our reporting with the wider workforce at an aggregate level and will check in on improved employee experience through our engagement score results

Gender balance

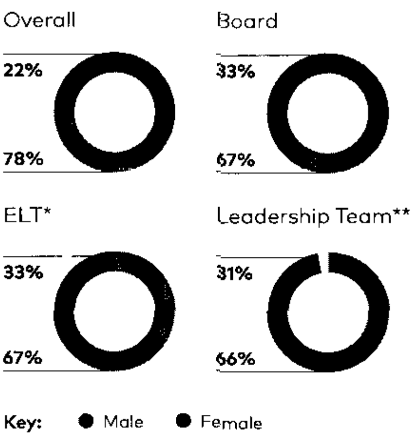
We continue to review the gender balance of our leadership and management teams quarterly, enabling the focus on ensuring we have broader succession plans in place, particularly in the technical areas of Wood, reflecting our desire to ensure a range of backgrounds, experience and thought leadership. As part of our sustainability targets, we are committed to continuing to improve gender balance with a target of 40% female representation in senior leadership roles, by 2030.

Target:

40%

female representation in senior leadership roles, by 2030

Gender split at 31 December 2020



*ELT structure changed during 2020 with one previous female member of ELT on phased retirement and in a different role, resulting in the reduction of female headcount by one; and the introduction of Chief Operating Officer role has added one male to the headcount.

**Includes three levels of leadership below ELT (the remaining 3% of positions are to be appointed).

External engagement

We participated once again in the Hampton Alexander review, achieving 23.3% (up from 16.9% the previous year) female leaders at ELT and their direct reports level and an improvement to 118th position from 177th the previous year.

We remain confident that our gender pay gap does not reflect an equal pay issue nor is it related to paying males and females differently. It is a result of gender distribution across occupations and job levels, consistent across all our UK entities and our industry peers. At Wood we have policies and practices which are fair and free from bias. We are committed to inclusion, diversity, and equality across our wider organisation. Despite the government putting gender pay gap reporting on hold as a result of the Covid-19 pandemic, Wood reported the gender pay gap in line with the planned schedule.

2020 reporting shows the overall Wood pay gap has increased from 23.3% to 27.7%, whilst the mean bonus gap has reduced from 8.8% to 4.6%. During the same time female representation has increased across our UK business from 23% to 25%. In 2020, Wood and the markets in which we operate, experienced an unprecedented impact due to the Covid-19 pandemic and the volatility in oil prices. In common with many other organisations, Wood used the Coronavirus Job Retention Scheme ("furlough") in response to the impact of the pandemic, where appropriate, to protect our people until it was safe for them to return to their normal duties. In line with the guidance from the Government Equalities Office we excluded employees on furlough for calculating our pay gap but included it for calculating our bonus gap; this resulted in an overall increase in the mean pay gap as furloughed employees had typically lower hourly earnings. Analysis including furloughed employees, as a fairer representation of the overall picture at Wood, results in a mean pay gap largely unchanged from 2019 of 23.2% overall, 0.1% reduction on 2019 (23.3%).

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.

Developing inclusive business partnerships

With an estimated 476 million indigenous people in the world, developing inclusive approaches to working in partnership with indigenous peoples is important to enable Wood to deliver sustainable solutions and create a positive impact in the communities we share. In 2020, our team in Alberta, Canada signed a Memorandum of Understanding with Goodfish Lake Business Corporation, a Whitefish Lake First Nation #128 community-owned business, to develop a strategic alliance for partnering towards shared benefit.

As Wood's indigenous partner, Goodfish Lake, will provide services in civil and general construction, environmental, indigenous liaison, safety, and industrial garment supply with associated cleaning services. During the pandemic, Goodfish Lake provided Wood's Alberta offices with masks to enable a safe return to the office, along with the supply of PPE garments for our site-based teams. Wood's alliance with Goodfish Lake creates the opportunity to grow and promote prospects for both companies, whilst supporting the traditional, petrochemical and renewable energy sector.

Community

We take pride in the communities we are a part of and the strong and lasting relationships we create. As a community partner, we recognise our responsibility to respect, nurture and empower the people and places we impact.

Our Commitment

Wood is committed to the communities where we live and work and we seek to take an inclusive and fair approach to how we conduct our business; through our support for local procurement, job creation and unwavering commitment to improve lives.

Our values are the foundation of our community interactions; we commit to understanding our role in driving sustainable development, engaging with communities with our focus to improve lives and continue to review our actions against our vision to create new possibilities.

Our Community Investment Strategy

Based on a 'Think Global, Act Local' methodology, Wood's community investment strategy sets out to inspire and engage as many of our employees as possible, encouraging them towards measurable actions to support local communities. We recognise our role extends beyond financial support and we seek to lift up the communities around us, using our energy, expertise and passion to improve lives. The strategic pillars of our community investment programme consist of matching our employees' fundraising efforts, strategically uniting our people around a single Global Cause, and placing a focus on the actions we take through volunteering our time, skills and expertise.

This strategy is governed by our Community Investment Committee which oversees each element of the programme through monthly committee approval sessions, chaired by the Group Sustainability Manager and with representation from each of our business units.

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

Our Global Cause
Chosen by our employees and aligned to UN SDG 4 and Quality Education, our Global Cause unites our people around a single cause.

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

Read more about our community investment programme on pages 62-65 of our sustainability report 2020: **woodplc.com/sustainability**

As a community partner we commit to:

Understand >
- Assess social impacts and opportunities
- Assess environmental impacts and opportunities
- Identify key stakeholders
- Understand local context on human rights and heritage

Drive sustainable development.

Engage >
- Manage stakeholder engagement plans
- Manage Local procurement plans
- Develop communication and awareness building, including methods of reporting
- Manage local development & investment plans

Improve lives.

Review
- Monitor effectiveness of plans and community perception
- Review and respond to community incidents
- Benchmark performance and consistently monitor and evaluate

Create new possibilities.

To ensure we are making a measurable contribution towards global sustainability and the United Nations Sustainable Development Goals (SDGs), we have committed to a time, resources and funds target in our group wide sustainability strategy to contribute $10 million to our Global Cause by 2030.

Target:

$10 million

contributed to our Global Cause by 2030

We believe that establishing a target focused on our Global Cause; SDG 4 and quality education, unites us to demonstrate our collective impact, provides the opportunity to collaborate with our clients and gives Wood an increased platform to raise awareness on the importance of education to our people, our clients and global communities.

At the same time we recognise the importance of supporting our people in their efforts for causes that are important to them. Actively engaging our employees on the direction of our community investment programme helps us harness the passion, care and commitment of our people to the fullest extent. In 2020 our people have continued to make significant contributions to their communities as well as responding to the challenges of the pandemic.

Our impact in 2020

Employee matched funding

Our people continue to go above and beyond in demonstrating care and commitment to support their local communities and charitable organisations close to their hearts. We believe these actions should be recognised and our employee matched funding programme enables this to happen. Our matched funding programme is the core financial support given to our global employee base, with 100% of the amounts raised by employees being matched by Wood, up to a specified limit.

We saw a reduced number of matched funding applications in 2020 as a result of the pandemic. Unfortunately, social distancing measures affected many of our employees' planned activities, with the majority being cancelled or postponed. Recognising that this would have an impact on our communities, we changed our approach. Through global communications, we asked our employees how we could help and best direct our funds to communities in need and our community fund provided support through employee nominated donations.

63
matched funding applications

£116,385
employee fund raising efforts matched with **£64,696** by Wood

56
charitable organisations supported

20,230
hours volunteered by our employees

£95,705
additional community support donations

Virtual food drive success

Not letting a global pandemic get in their path, Wood colleagues in Knoxville, Tennessee continued a decade long tradition of support for the Second Harvest Food Bank of East Tennessee, holding a virtual food drive. Second Harvest is the East Tennessee region's largest hunger-relief charity, operating programs in 18 counties. The food bank distributes more than 20 million pounds of food and grocery products annually.

While past efforts have involved collecting canned food donations and packaging items for distribution, this time around the team created a fundraising campaign on the nonprofit organisation's website and shared the link with everyone who works in the Knoxville office. They, in turn, were encouraged to share it with an even wider audience of family and friends via social media. The fundraiser allowed individuals to make monetary donations by selecting items, like a case of canned vegetables for $10, that could be added to a virtual shopping cart. The team's efforts surpassed their goal of $1,000, raising $1,450 to fund 4,350 meals for a much needed cause, with funds matched by Wood.

Supporting the vulnerable in Chile

A group of kind-hearted employees from Wood's Chile office helped raise funds to support Fundación Las Rosas. The charity takes care of the country's most vulnerable members of the elderly community. With 28 residences nationwide, its 1,600 strong workforce of caregivers, medical staff and volunteers, look after around 2,200 people, many of whom have critical health conditions. Like the rest of the world, Chile has experienced a significant social and economic impact as a result of the Covid-19 pandemic. During a virtual town hall meeting, Wood's Chile employees collectively decided to help raise money through a payroll donation scheme. Matched by Wood's community fund, in recognition of the employees' commitment and passion to help, the team raised a grand total of £7,282 to help Fundación Las Rosas continue providing its vital work in the community.

Funds for fire recovery

The devastation caused to homes, communities and wildlife across Australia during the bush fires in late 2019 and early 2020 was unprecedented. However the outpouring of generosity and support from Wood colleagues near and far demonstrated our commitment to care and pull together as Team Wood.

While our worksites and personnel in Australia were not in direct danger from the bushfires, many were affected indirectly through the impact on friends and family. In support of them and the hundreds of thousands of Australians affected by this disaster Wood Australia launched an appeal for the Australian Red Cross Disaster Relief Fund and pledged to match employee donations and fundraising up to A$10,000. In addition the Wood employee matched funding programme matched employee efforts through a further A$10,000, divided between various employee chosen causes and the Red Cross Appeal.

From donating custom made surf boards and auctioning portrait photography skills to head shaving and bake sales our people went above and beyond to care, repair and re-build their communities devastated by one of the country's worst fire seasons on record.

Our Global Cause

Uniting our business behind a single cause, demonstrates our strength together, whilst enabling flexibility towards local needs and matching our efforts to best support the people and places we impact.

Our people chose SDG 4 and quality education as our Global Cause and in 2019 we developed a framework to provide strategic direction to our efforts in support of this. Our educational framework helps to break down the topic into areas of potential impact, as well as provide a means to standardise future reporting as we work towards our target to invest $10 million in education by 2030.

Central support for Wood's Global Cause is driven through our Annual Challenge on Education. Open to all employees the challenge asks our employees to bid for seed funding from the community investment budget to support an educational activity in their area of the business. The challenge is launched as part of Wood's annual Sustainability Week celebrations and forms the basis of group-wide communications on the Global Cause following the employee activities planned throughout the course of the year ahead. In 2020, our Community Investment Committee considered 34 applications, across 10 countries and awarded a total of £218,366 in funding support towards 31 projects planned for 2021.

31

applications supported through our 2020 annual challenge

£218,366

seed funding awarded

10

countries

Read more about our education framework on page 64 of our Sustainability Report 2020: **woodplc.com/sustainability**

Read more about our education challenge and 2020 activities on page 65 of our Sustainability Report 2020: ***woodplc.com/sustainability***

Supporting Young People through Prince's Trust

Wood is a Patron of the Prince's Trust, having signed a four-year partnership in 2020 to support youth education and the vital work of the Trust, which includes a commitment to donate £100,000 over the term of the partnership. The Prince's Trust is the UK's leading youth charity supporting disadvantaged 11 to 30-year-olds who are unemployed or struggling at school and at risk of exclusion.

Beginning with the creation of an internal working group to manage our activities, our partnership was announced in the latter half of 2020 with a health challenge encouraging our employees to sign up and walk/run/cycle the virtual 'Palace to Palace' challenge. Wood colleagues raised over £2,860, with an additional larger matched donation of £5,000 from the Wood community fund to reflect the larger team engagement on the challenge. The 'Palace to Palace' challenge raised over £250,000 in total with Wood's contribution securing access to a one week online course for 94 unemployed young people, to help them re-engage in the community and develop critical employability skills for the future.

For many young people, the future was already uncertain. Now, having missed out on vital education, training and job opportunities through the impact of the pandemic, millions are at risk of being left behind. As the world recovers, we aim to support the work of the Prince's Trust on their range of initiatives that help young people on their journey towards the world of work and place in society.

Tackling the link between nutrition and education

In 2020 Wood partnered with non-profit organisation The Power of Nutrition. The foundation builds partnerships to cofinance national government programmes that are designed to tackle undernutrition in the critical first 1,000 days of life and into early childhood. Well-nourished children have better life chances: they live longer and healthier lives and they do better in school.

Wood donated £10,000 to support the organisation and its work across multiple projects in Africa; as well as fundraising an additional £2,000 through a 'Race to the Bar' team building initiative to promote healthy living that saw our legal function clock up an impressive 10,980km during the course of the challenge through a variety of fitness activities. Supporting the organisation's work in Liberia, where in some parts of the country, stunting affects around 40% of children under five years old, all donations were eligible for a 4X match through The Power of Nutrition's financing platform, meaning the total amount raised to be invested in their Liberia Phase II programme totalled £44,380. Alongside our efforts to fundraise in 2020, our group security function also offered professional support to the organisation in their project execution and planning.

To further support the organisation going forward, an internal working group has been assembled to map out future projects, as well as explore the possibility of employee volunteering.

Volunteering

Team Wood in action

Our efforts to show up in our communities has been never more important than it has been in 2020. The global pandemic called upon communities to come together and unite in unprecedented ways, a challenge Team Wood took on with commitment, resilience and above all care for our global community.

Quenching hunger in India

Led by one of our safety engineers in Kuwait, a team of volunteers from Wood worked to distribute food to those in most need in their hometown of Tamil Nadu, India. Engaging with local social workers, the team worked to identify those families in need and then distributed their collected food supplies to them in accordance with local Covid-19 safety measures. Speaking about the operation, one of the volunteers said "During this lockdown period, I feel every living being just needs two things, food and medicine. I feel in India, there could be more deaths due to hunger than due to Covid-19. I take it as a social responsibility to do what I can to help."

Our Global Shared Services (GSS) team in India also supported the World Hope Foundation, supporting vulnerable people in India, providing relief programmes to the community with a focus on areas such as education, food and nutrition, clean water, sanitation, health, hygiene, safety and sustainable livelihood programs.

Through monetary donations, the team raised enough to provide up to 1,000 meals to those in need.

1,000

meals provided

Read more on our work to support communities at: **woodplc.com/sustainable-recovery/caring-for-our-communities**

Arming the Covid-19 response

One of the purposes of our Armed Forces Network is to support our serving Reservist personnel who balance a corporate career at Wood with a military career in the Armed Forces; there is no doubt that the skills and experience are mutually beneficial to both organisations. During the Covid-19 pandemic, a number of Armed Forces Network members have been deployed to support their government's response; putting on their military uniforms and taking a sabbatical from their Wood roles.

One of our Armed Forces Network member deployed in 2020 said "Wood has always been exceptionally supportive and being mobilised with three days' notice created challenges, but Wood valued the skills I would be bringing to the national efforts and the Wood team has been supportive throughout my deployment."

3D printing face shields in Scotland

Hearing of the shortages in personal protective equipment (PPE) for medical workers, one of Wood's engineering surveyors based in Aberdeen saw the opportunity to help by utilising his own 3D printer. Printing around 25 protective face shield frames a day, the frames were delivered to a local PPE collection point and donated to the local hospital.

25

face shield frames printed per day

Celebrating 35 years of support

Team Wood in Vancouver reached a wonderful milestone in 2020, their 35th anniversary of supporting United Way and an incredible $1.135m raised. United Way is a network of charities whose mission is to serve the needs of their local communities. In 2020, despite the challenge of working remotely, the team continued to support the cause and raised over $20,000 for the United Way of the Lower Mainland.

Wood has a long history of supporting United Way across our Americas business, through fundraising and events that support the organisations' programmes and collaborations that tackle root causes of social issues to help people overcome poverty, set kids up for success and build strong communities. Many of our employees volunteer for the organisations that receive a shared of United Way's funding, a real decades long example of commitment, passion and care for our shared communities.

$1.1m

raised over 35 year history

$20,000

raised in 2020

Managing our risks

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 pages 71 to 72

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 BU risk registers are subsequently reviewed as part of the quarterly BU Project and Risk Review meetings. These meetings are chaired by the recently appointed Chief Operating Officer (COO) with attendance by the Chief Executive and CFO. 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 (GRC), 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 is formally reviewed by the Board twice a year.

The principal risks considered by the Board in August 2020 are set out in the table on pages 62 to 64

Group risk framework

Risk Escalation

Contract/ project
Monthly project governance risk review

Proposals & Tenders
Individual projects
Programmes
Contracts

Business groupings
Quarterly risk review

Chair: Business grouping president
Attendees:
- Business grouping leadership team

Business units
Quarterly risk review

Chair: BU Executive President
Attendees:
- BU leadership team

Group business review
Quarterly BU project & risk review

Chair: COO
Attendees:
- BU leadership team
- CFO
- COO
- Group Head Internal Audit & Risk
- Head of Operational Assurance
- Head of Commercial

Functional risk review

Chair: Functional Executive President
Attendees:
- Functional leadership team

Group Risk Committee
Biannual Group risk & principal risk review

Chair: CFO
Attendees:
- ELT
- General Counsel
- Group Head Internal Audit & Risk
- Group Risk Director

Board
Biannual principal risk review

Sub-Board Committees:
- Audit Committee
- Safety, Assurance & Business Ethics Committee

Group Risk Management Standard

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, commercial, 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.

Operating Committee

To complement and provide oversight of the operational elements of the business, Wood appointed a COO in October. The COO is accountable for the operational functions that drive our technical outcomes across all of Wood's global operations, such as Operations Assurance and Quality & Continuous Improvement.

Establishing and leading an Operating Committee (OpCom), the COO will define and execute a global operational strategy that creates the right environment, tools, processes, procedures, standards, governance and oversight to enable the BUs to deliver with consistency, precision and employing best practice execution methodologies and assurance.

Covid-19

Covid-19 was identified at the January 2020 Group Risk Committee and March 2020 Board risk sessions as an emerging risk. At that point the Covid-19 outbreak was considered as part of the Major Incident principal risk as a significant HSSE event. In response, each of the BUs completed business impact assessments and a Pandemic Preparedness Team was established to ensure the business was prepared to manage the evolving impact of Covid-19.

During the supplementary May 2020 Group Risk Committee, the full ELT completed a risk amplification exercise to review the longer-term impact of Covid-19 against the existing Principal Risks.

As a result, it was agreed that a new principal risk titled "Enduring impact of Covid-19" would be added to the principal risks. This new risk was then approved in the May 2020 Board risk session. The risk considers the HSSE, financial and business disruption impacts of Covid-19, including the impact on our people, clients, suppliers and business partners.

In concurrence with the Group risk management process, a bespoke risk management plan and framework for Covid-19 was designed and deployed due to the unique profile of the Covid-19 risk event. The framework ensures complete risk coverage from all the business and is governed by both the BU Crisis Management Teams and Group Incident Management Team with regular Board reporting.

Climate Change

As an output of the Group risk management process, a climate change workshop was run by Group Risk and attended by key stakeholders from the Group functions. The output of the workshop enabled the January Group Risk Committee to complete a risk amplification exercise and understand the impact of climate change on the Group Principal Risks resulting in a new principal risk defined as "Failure to meet our ESG responsibilities", and described as "Not meeting our environmental, social and governance (ESG) responsibilities leads to our business becoming an unattractive investment proposition."

Due to the rapidly changing external environment, the risk was reviewed again by the Group Risk Committee and redefined as "ESG strategy and performance", as included in the risk table. The risk is described as "Our ESG strategy and performance does not effectively address our environmental, social and governance responsibilities, including in relation to climate change, and leads to our business becoming an unattractive investment proposition for our employees, investors, lenders, communities, and other stakeholders."

Additionally, during the May 2020 GRC, a deep dive on the strategic agility principal risk was carried out. The review looked at the risks to our strategy aligned to opportunities arising from energy transition and sustainable infrastructure trends and the resilience of our business model to deliver sustainable growth from these trends in light of factors such as market disruption and / or competitive threats.

As a result of the review, the previously defined "Market expectation for sustainable growth" principal risk was redefined as "Strategic agility" and described as "Strategic plan does not keep pace with energy transition and built environment megatrends, market disruption and / or competitive threats. Strategy fails to deliver a sustainable business model with differentiated service offerings generating superior returns." The output of the Group Risk Committee review was subsequently reviewed by the August Board.

Brexit

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, Brexit has never been perceived as a principal risk area for Wood, and the risk impact decreased 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 2020, 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 in October 2020, to ensure that all previously identified risks were being appropriately mitigated and a post-Brexit risk review was completed during January 2021 where no material risk events were escalated.

The Brexit risk was reviewed again during the Group Risk Committee in January 2021 and the Board risk session in March 2021, and reconfirmed that Brexit is not considered to be a principal risk.

The Brexit risk will continue to be monitored in 2021.

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 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, CFO and, from October 2020, COO which follow similar reviews at business grouping level.

Group risk management standard

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 first half of 2020 a revised project risk management standard was developed and rolled out to the business which details how Wood manage risk within projects and contracts. The standard and associated process were designed to ensure alignment with the Group Risk Management Standard to ensure a clear line of risk oversight within the Company.

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. Consideration was given to the impact of employees working from home due to Covid-19 pandemic and it was considered that there was no material impact on the overall effectiveness of internal financial controls. Ongoing improvements are planned in certain key areas in 2021 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, following the pause of the ERP implementation programme in 2020. Details of the status of financial and IT internal controls are included in the Audit Committee report on pages 94 to 95.

For more information on the internal control environment see pages 71 to 72

Going concern

Despite the challenges of the Covid-19 pandemic and a low oil price environment our broad end market exposure and flexible business model has delivered a resilient financial performance in 2020 with good cash flow and a further reduction in net debt. We expect that these near-term headwinds will continue into 2021 and, whilst forecasting activity levels in an uncertain economic environment remains challenging, we expect that our relative resilience will continue and we see significant opportunities from the accelerating pace of Energy Transition. The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), as well as preparing financial forecasts up to the end of 2022 to reflect reasonably possible downsides.

During 2020, the directors undertook a number of actions to significantly adjust the cost base of the Group, leading to savings of $230m which were mainly achieved by temporary and permanent overhead savings, reductions in discretionary spend and capital expenditure, and the use of Government support schemes. Included within these savings were temporary furlough schemes in the UK, Canada and Italy and deferrals of social security and pension contributions in line with the US Coronavirus Aid, Relief and Economic Security (CARES) Act (refer to the Government grants policy) which amount to approximately $50m. These deferred payments are to be paid between January 2021 and December 2022, and the financial forecasts include all deferred cash flows payable on their revised due dates. To the extent that temporary measures are reversed in 2021 and beyond, we are confident that they will not have any material impact on the business' ability to operate as a going concern.

The directors withdrew their proposed 2019 final dividend payment and did not declare an interim or final 2020 dividend in order to protect cashflows and preserve long-term value. No dividends were included in the going concern assessment. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

The completed disposals of the nuclear, industrial services and TCT businesses in 2020, which generated proceeds of $455.2m (net of cash disposed and transaction costs) were used to pay down the term loan which was due to be repaid in October 2020. The Group has also secured a one-year extension for $1,514m of its revolving credit facility to May 2023, which extends the maturity profile of the Group's debt facilities.

In assessing the basis of preparation of the financial statements for the year ended 31 December 2020, the directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014'; namely assessing the applicability of the going concern basis, the review period and disclosures. In addition, the directors have considered supplementary guidance issued in December 2020 by the Financial Reporting Council in relation to Covid-19.

In order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the Group's existing debt levels, the committed funding and liquidity positions under debt covenants and the Group's ability to generate cash from trading activities. As of 31 December 2020, the Group's principal debt facilities comprise a $1,750.0m revolving credit facility of which $236.0m matures in May 2022 and the remaining $1,514.0m in May 2023; $300.0m of bilateral term loans maturing in May 2022 and $880.5m of US private placement debt repayable in various tranches between August 2021 and July 2031, with over 85% due in 2023 or later. At 31 December 2020, the Group had headroom of $1,550.0m under its main facilities and a further $181.8m of other undrawn borrowing facilities. The Group's key financial covenants are set at a ratio of 3.5x for both net debt/ maximum rolling 12 month EBITDA and minimum interest cover. These covenants are measured on a semi-annual basis and excludes the impact of IFRS 16. There are no indications from the scenarios modelled that any of these covenants will be breached in the period assessed.

At 31 December 2020, the Group had net current liabilities of $457.3m and this largely reflects the ability of the Group to effectively manage its short-term working capital cycle including the receipt of advance payments, management of payables and improvements in Days Sales Outstanding (DSO). The cash flow forecasts show that the Group will have sufficient funds to meet its liabilities as they fall due.

The directors have considered a range of scenarios, including the impact of Covid-19 on the Group's future financial performance and cash flows. These scenarios reflect our experience of the how the pandemic impacted our business in 2020 and the steps taken to adapt to working in a different environment, and also take into account the Group's order book. The majority of our businesses were able to continue to operate either by home working or, for field-based operations, reconfiguring to operate in a post Covid-19 environment with relatively short periods of disruption. The base case scenario therefore assumes that whilst there will be new lockdown periods in 2021, no material impact incremental to what was experienced in 2020 is expected. The upstream oil and gas focused elements of our business, which makes up around 35% of revenue, were impacted by the sharp reduction in oil prices in Q1 2020. We have since seen an increase to around $60 per barrel.

Although producers remain cautious on longer-term oil prices, analysts predict that increased industrial and transport demand, following the roll out of vaccinations globally during 2021, will support oil prices above $50 per barrel. The non-upstream parts of our business which make up the other 65% of revenue have been less impacted and we would expect this to continue to be the case. The main drivers for this part of the business include global GDP growth, demand for chemicals and refined products, infrastructure spend, demand for renewables projects and metal prices.

The directors have considered severe, but plausible downside scenarios. The most severe of these reflect further material reductions in revenue and EBITDA from the base scenario. This could result from a worsening economic climate and a significantly reduced oil price. The downside case also modelled the impact of unexpected working capital outflows and other significant unforeseen cash payments. In each of the scenarios modelled, the financial covenants were comfortably met with significant facility headroom remaining available.

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

Viability statement

In accordance with provision 31 of the Governance Code the directors have assessed the Group's viability over a three-year period to 31 December 2023 and modelled the impacts of the risks over a five-year period to 31 December 2025.

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 December 2020, the Group has in place a package of multi-currency revolving facilities incorporating a $1.75bn revolving credit facility ($236m expiring in May 2022 and $1,514m expiring in May 2023), three term loans totalling $0.3bn (expiring in May 2022) and US private placement (USPP) debt of approximately $0.9bn (maturities ranging between 2021 and 2031 with over 85% expiring after 2023). Details of 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 three-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 62 to 64 these included, individually and in combination, multi-year reductions in demand, project execution and contracting risk, revenue growth risk, the impact of a catastrophic safety or cyber security incident, the fines and damage sustained by an ethical, regulatory or data breach or a substantial litigation. Based on the modelling performed, the Board's assessment was that the strength of our balance sheet, the flexibility of our business model and the mitigating actions available meant that in all plausible scenarios considered the business would continue to be viable for at least three years. Mitigating actions would include reduction of discretionary spend on bonuses, capex reduction or further disposals.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due up to 31 December 2023.

Analysis of principal risks

Strategic

Strategic agility

Risk profile
The strategic plan does not keep pace with energy transition and sustainable infrastructure megatrends, market disruption and / or competitive threats.
The strategy fails to deliver a sustainable business model with differentiated service offerings generating superior returns.

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, CFO and COO
- Scenario analysis on energy transition and sustainable infrastructure to inform group strategy
- Periodic performance assessments and rationalisation of our portfolio

ESG strategy and performance

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

Mitigation, monitoring and assurance
- Existing policies, procedures, management structures and Board oversight covering compliance with the key components of ESG
- Monitoring of compliance and reporting in line with the UK Corporate Governance Code, covering governance responsibilities, with oversight provided by the Audit Committee and Board
- Science based derived carbon reduction target endorsed by the Board
- Appointment of a senior leader for sustainable development reporting to Executive President HSSES
- SABE Committee includes Board oversight of sustainability aspects
- Safety performance is a long-standing component of bonus schemes and sustainability targets established in 2020 are embedded in bonus and long-term incentive plans

Leverage position

Risk profile
Absolute level of leverage is above our 0.5-1.5 times net debt: adjusted EBITDA target. Achieving this will require cash generation to repay debt and a recovery in profitability. The risk is stable with the actions taken in 2020 to protect cashflows and the sale of the of our interest in TransCanada Turbines in Q4 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 rolled out during 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 Future Fit 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

Enduring impact of Covid-19

Risk profile
Continuing impact of Covid-19 including the associated HSSE risks, financial and business disruption (including impact on backlog) whilst maintaining operability.

Mitigation, monitoring and assurance
- Crisis Management Team (CMT) including full ELT and BU Incident Management Teams (IMTs) meeting with regular cadence
- Risk management framework rolled out across CMT and BU IMTs
- Mitigation and monitoring considered for each of the key Covid-19 risks
- Specific Covid-19 Response Board Committee put in place to oversee response to the pandemic
- Safety, Assurance & Business Ethics Committee update on HSSE aspects of Covid-19 response
- Regular Board update on Covid-19 response

Board assessment of change in risk from 2019:

▲ Risk has increased since 2019 ▶ No change in risk since 2019 ▼ Risk has decreased since 2019

V Considered as part of viability assessment ✪ New

Commercial and Operations

Contracting

V ▶

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

Mitigation, monitoring and assurance
- 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
- Lump sum (and other high risk) contracts policy providing additional control over the pursuit of lump sum contracts
- Commercial intervention team in place to strengthen in-house claims capability and provide input on effective project commercial set up

Project execution

V ▶

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

Mitigation, monitoring and assurance
- Start up, project management, technical and resourcing execution plans for key projects supported by monitoring and reporting
- 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 chaired by the COO and attended by the Chief Executive and CFO
- Execution excellence programme supporting consistent project delivery through on common operating model, standardised delivery applications and project management academy

Failure to attract and retain critical staff

▶

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

Mitigation, monitoring and assurance
- End-to-end recruitment platform, 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 (including financial), 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

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 an ever-maturing Information Security Management Framework that combines technical and process controls with colleague awareness and educational campaigns
- IT security policy/standards and Acceptable Use policy
- Utilisation of next generation perimeter security and advanced endpoint protection and advance detection capability
- 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 quarterly Board review
- Annual audit of Cyber Security Framework highlighting progress against industry standards

Compliance and Litigation

Major regulatory investigation

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

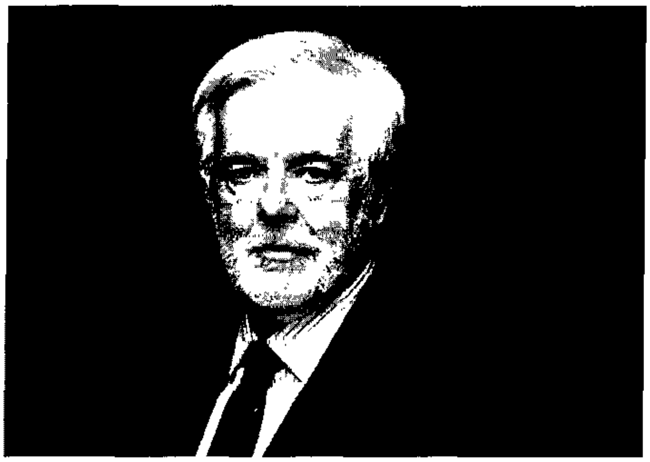
Mitigation, monitoring and assurance
- Suite of Wood policies that mandate compliance with applicable laws and policies
- Assurance framework across technical and non-technical business processes
- Robust compliance programme including our Code of Conduct and specific requirements around the appointment and management of commercial intermediaries
- Programme of ethics & compliance training
- Group Legal and Group Compliance teams provide support and guidance to the business

Major litigation

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, CFO, and BU leadership
- Identification of lessons learned arising from litigation and training in key areas

Letter from the Chair of the Board



"In 2020 the Board oversaw Wood's response to the Covid-19 pandemic with a focus on the safety and wellbeing of our people, business continuity and the ongoing delivery of our strategy. The Board also focused on longer-term sustainability, undertaking active employee engagement to ensure the effectiveness of Wood's culture and establishing sustainability targets."

Roy A Franklin
Chair

Dear Shareholder

2020 has been a year of unprecedented challenges for Wood's global consulting and engineering markets and for its people, as a result of the impacts of Covid-19 and oil price volatility. During the year, Robin and his Executive Leadership Team responded swiftly and decisively to these challenges by taking actions focused on ensuring the health, safety and wellbeing of Wood's employees, delivering for clients, reducing cost and protecting the balance sheet.

As a result of these actions, and the ongoing delivery of Wood's strategy which the Board oversaw in 2020, Robin and the ELT have delivered a resilient financial performance, with the strategic broadening of capabilities across diverse markets reflected in resilient revenue, strong margins and further net debt reduction.

Balancing stakeholder interests

As a Board, we have regard to the interests of our stakeholders and seek to balance their interests in our decision-making processes. As required by s414CZA of the Companies Act 2006, we have included a s172(1) statement on page 73 and further details of engagement with key stakeholders can be found on pages 08 to 12.

The Board recognised the challenges of Covid-19 and its potential impacts on the interests of key stakeholder groups at an early stage. As a result, the Board adjusted its focus and priorities for the year, including overseeing a number of early actions in response to the pandemic announced in April. These actions included the decision to withdraw the recommendation of the final dividend for 2019.

Having considered the views of shareholders on the importance of dividends and the interests of the wider stakeholder groups, the Board concluded the withdrawal of the dividend, along with other measures taken, would protect the balance sheet and preserve long-term value and therefore would be in the best combined interests of Wood's stakeholders.

In addition, employee engagement was increased in 2020. The Board continued with its participation in the global Listening Group Network calls to enable it to ensure that Wood's corporate culture is operating effectively. By reviewing the results of increased employee engagement surveys, the Board obtained an understanding of the impact of the pandemic on the issues that matter to Wood's employees and to provide oversight to the actions taken in response with a focus on ensuring not only the health and safety but the wider wellbeing of employees and ensuring the employees feel connected with Wood and its culture whilst working remotely.

The Board considered the need to retain the skills and expertise of our workforce and the interests of wider stakeholder groups including governments when considering the use of Government Covid-19 support in the locations Wood operates in. As a result, reliance on such support including furlough schemes and short-term deferral of certain social security and pension contributions has been modest in the context of our overall workforce.

Throughout year the Board continued to monitor the impacts of the pandemic as it developed and the Company's response through regular update calls with the Crisis Management Team.

Health, safety & sustainability

The Board's oversight of the safety and wellbeing strategy, emergency response and business continuity arrangements in response to Covid-19 ensured the safety of our people whilst minimising business disruption. The Safety, Assurance and Business Ethics Committee received regular updates throughout the year enabling it to monitor the risk assessment and changing regulatory measures to ensure that our response continued to be appropriate as the situation developed. The Committee also provided oversight to the incident investigations into the two fatalities that regrettably occurred during the year, in order to ensure the investigations were independent, of high quality and fully identified the root causes and organisational learnings from these two tragic events.

In addition, recognising that sustainability is embedded in Wood's strategy, culture and day to day operations, the Committee's responsibility for oversight of sustainability matters was formalised in 2020 and, in line with Wood's objective to be a leader in its field in environmental, social and governance matters, the Board approved the Committee's recommendation to establish a target for a 40% reduction in scope 1 and 2 carbon emissions by 2020.

Diversity & Board composition

The Nomination Committee focused on progressing Wood's inclusion and diversity strategy and succession planning. The Board recognises the importance of developing and maintaining an inclusive culture that promotes diversity of thought and perspectives. In 2020, the Board participated in conscious inclusion training and approved the Committee's recommendation to establish a target for female representation in at least 40% of senior leadership roles by 2030. The Committee is mindful of the recommendations of the Hampton-Alexander and Parker reviews during Board succession planning and the recruitment process for new directors and continues to work towards its stated goals.

In 2019, the decision was taken to appoint an additional non-executive director and Birgitte Brinch Madsen joined the Board on 1 March 2020, a Danish national, who brings extensive and global experience of engineering and consulting projects in both energy and the built environment and knowledge of green energy technologies. Jeremy Wilson resigned as a non-executive director on 29 June 2020 as he had served on the Board for nine years.

The Committee undertook a selection process to replace Jeremy that was focused on ensuring an appropriate balance of skills, knowledge and experience with selection criteria including strong and relevant UK PLC board experience and strong knowledge of capital markets. Nigel Mills was appointed as a non-executive director on 1 May 2020 and succeeded Jeremy as Senior Independent Director on 29 June 2020. A former Chair of Corporate Broking at Citi, Nigel brings extensive financial, commercial and investor relations experience in advising some of the UK's largest companies across a broad range of end markets. In line with the requirements of the 2018 UK Corporate Governance Code, the Committee commenced a process in 2020 to identify a suitable replacement for Mary Shafer-Malicki, who will have served on the Board for nine years in 2021, with a focus on ensuring gender and geographic diversity on the Board. With effect from 31 March 2021, Brenda Reichelderfer and Susan Steele were appointed to the Board as non-executive directors, both bring extensive global experience across a range of end markets that will significantly strengthen the Board. Ms Shafer-Malicki has indicated her intention to resign as a director at the conclusion of the forthcoming AGM.

Internal controls & external audit

During the year, the Audit Committee focused on areas of judgement and estimation, maintaining a strong control environment and continuing to standardise and streamline finance systems and processes. The primary areas of judgement and estimation considered by the Committee included impairment reviews, significant fixed price or lump sum contracts, provisions and tax balances.

With the impact of Covid-19 emerging at the end of Q1 2020, the Committee considered this when reviewing and challenging the assumptions for impairment reviews from the half year. The Committee also had oversight of the processes and controls put in place to maintain a strong internal control environment, particularly regarding IT security, in light of increased home working. The Board assessed the internal financial and IT control environment as effective, with good progress having been made to standardise and streamline finance systems through transition of a number of legacy operations to the common ERP system and shared service platform, prior to the ERP implementation being paused due to Covid-19. The Committee assessed the effectiveness of the external audit by KPMG and whilst it was concluded that the audit process was operating effectively, the Committee used the results of a review by the Financial Reporting Council of KPMG's 2018 year-end audit file to challenge the external audit plan for 2020.

Directors' remuneration

The Remuneration Committee has continued to closely monitor the external executive remuneration environment, including the impacts of the Covid-19 pandemic, 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. The Committee's priority is to balance fairly rewarding management performance with aligning to shareholder and wider stakeholder expectations. The Committee recognises the strength, resilience, courage and care demonstrated by the executive directors and the wider leadership team in leading the business through these challenging conditions and their commitment to the longer-term interests of the business demonstrated by their agreement to voluntary salary reductions of 10% for a period of nine months in 2020. During the year, we continued to enhance our engagement activities with leadership and the wider workforce to ensure our transparency, fair reward for all employees and alignment of executive director remuneration to that of the wider workforce.

Board evaluation

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. 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. The Board has undertaken activities throughout the year to address these areas including establishing selection criteria for Board appointments that focus on ensuring an appropriate balance of skills, knowledge, experience and diversity of thought, allocating time at Board meetings to discuss shareholder views and adding a further risk review to the Board calendar.

Investigations

Through the Investigations Oversight Committee, the Board has continued to monitor the ongoing investigations by the relevant authorities into the historical use of agents and other matters. The Board is pleased that discussions with the relevant authorities have progressed to the point where the Group believes it is likely to be able to settle with Scottish authorities shortly and with the authorities in the US, Brazil and England in Q2 2021.

Your Board recognises the strength of leadership demonstrated by Robin, David and the Executive Leadership Team, in a challenging environment, to deliver a resilient financial performance including strong margins and further net debt reduction and also take steps towards achieving Wood's goal to be leaders in its field in environmental, social and governance matters.

I am confident that Wood is well positioned for the future and, through initiatives underway in 2021 to ensure the business is fit for accelerating the pace of the energy transition and the drive towards sustainable infrastructure, is capable of unlocking stronger medium-term growth. I believe that the Board has the appropriate skills to support these initiatives to accelerate the delivery of Wood's purpose and strategy and for effective decision making to promote Wood's long-term success and sustainability.

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 2020.

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

The Group consolidated income statement for the year is set out on page 132.

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

In our 2019 full-year results announcement issued on 10 March 2020, it was noted that the Board had recommended the payment of a final dividend for 2019. The Board recognises the importance of dividends to shareholders, however, in light of the uncertainties caused by the Covid-19 pandemic and the volatility in oil prices, the Board considered it prudent to withdraw its recommendation to distribute a final dividend for 2019 in order to protect cashflows and ensure balance sheet strength.

In addition, as the uncertainty around the impact of Covid-19 and volatility in oil prices continued and the focus on balance sheet strength remained, the Board decided not to declare an interim dividend for 2020.

No dividends were therefore paid to shareholders during 2020.

The Board considered these decisions to be prudent and appropriate in order to protect cash flows and preserve long-term value.

The Board recognises the importance of dividends to shareholders and has committed to reviewing the dividend policy once there is greater clarity on the impacts of Covid-19 and oil price volatility.

Corporate governance statement

The Board is 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). A copy of the Governance Code is available at www.frc.org.uk.

The Board reviews its governance procedures to maintain proper control and accountability and monitors its compliance with the Governance Code via a self-assessment verification process. Proper control, accountability and compliance with the Governance Code flows through the Group as a whole and the directors consider that the Group has fully complied with the provisions of the Governance Code throughout 2020.

The Board has applied the Governance Code Principles (A to R) as follows:

Board leadership and Company purpose

Effective Board – Principle A

Our Board is composed of highly skilled individuals who bring a range of skills and corporate experience to the boardroom (see pages 76 to 77).

The role of the Board is to lead and direct the Group, promoting its long-term sustainable success, generate value for shareholders and contribute to wider society.

The Board has a structured calendar for the year ensuring all relevant matters are considered and utilises its four principal committees to ensure sufficient time is allowed for discussion. At each Board meeting sufficient time is set aside for the committee chairs to report on the contents of their discussions, put forward any recommendations to the Board which require approval and the actions taken. Further information on the activities of the principal committees can be found on pages 78 to 79 and 87 to 100.

The Board continually assesses the flexibility and sustainability of our business model, monitoring and reviewing our strategy (including our purpose and strategic objectives), assessing and identifying changing or emerging risks that could impact on the Group in the short and medium-term. Further information on sustainability of the business model and principal and emerging risks can be found on pages 82 and 58 to 64.

Purposes, values and culture – Principle B

Our purpose, values and culture are set out on pages 34 to 57.

The Board oversees the development of the Group's purpose, defining our values and strategy and monitoring and assessing culture, for the benefit of all stakeholders.

Our purpose informs the Group's strategic direction and how we deliver value for our stakeholders. Due to its importance, the Board periodically reassesses our purpose to ensure it continues to reflect the Board's strategy, values and desired culture.

Our values reflect the qualities we embody and our underlying approach to doing business. Our values are embedded in our operational practices and the direct oversight and involvement of the executive directors.

Our culture has developed from our values and is considered a key strength of our business. The Board reinforces our culture and values through its decisions, strategy and conduct.

During the year, the Board assessed the effectiveness of Wood's culture, with particular emphasis on the impact of Covid-19. These activities, including discussions with management and employee surveys, are described in more detail on pages 48 to 52. The Board is satisfied that the culture is operating effectively.

Governance framework and Board resources – Principle C

The Board believes good corporate governance is essential to ensuring our business is run in the right way, creating value for all of our stakeholders and is key to overall performance and integrity and is consistent with our shared values.

Corporate governance extends beyond regulatory compliance and the directors consistently monitor developments in best practice, including guidance published by investor groups.

The directors use an electronic Board paper system which provides secure access to papers. The information provided to Board members is of sufficient depth to facilitate debate and to fully understand the content whilst remaining clear and concise.

If any director has concerns about the running of the Group or any proposed course of action, they are encouraged to express those concerns which will then be minuted. No such concerns were raised during 2020.

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

Board leadership and Company purpose

Stakeholder engagement – Principle D

We recognise the importance of clear communication and proactive engagement with all of our stakeholders. The Governance section of the annual report explains how the Group has applied the principles of the Governance Code with its shareholders on page 82. 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 12 and 73.

Employee engagement
We have an experienced, diverse and dedicated workforce which is recognised as a key asset of our business.

The Board recognised the seriousness of the Covid-19 pandemic at an early stage and the importance of strong employee engagement, focussing on wellbeing and support, in order to mitigate any negative impacts, where possible, of actions taken in response to the pandemic such as remote working. Engagement was undertaken via the Listening Group Network, which involved employees from all our global locations, a global engagement survey with feedback resulting in updates and advice being issued to employees on topics including travel and safe working and FAQs published on a dedicated page on the group intranet and numerous localised surveys at country and business grouping level regarding remote and flexible working. Employees were kept informed of developments in Government advice and Wood's associated response.

The Board considers that meaningful, regular dialogue with employees provides it with greater insights into the culture, activities and experiences of the people in our business. Rather than adopting one of the three methods of employee engagement set out in the Governance Code, the Board uses a combination of methods, including a bi-annual global employee survey, additional quarterly global employee pulse surveys to gather the views of employees, and the Listening Group Network enabling the employee voice to be heard by the Board and Executive Leadership Team. The Board believes this is a more effective method of employee engagement and representative of Wood's global, diverse workforce. During 2020, new employee engagement toolkits were introduced: a leadership communication channel; a "We Belong" blog; a new Wood News site; and a "Living Well at Wood" site. Jacqui Ferguson, chair of the Remuneration Committee, is responsible for reviewing wider remuneration matters, and Thomas Botts is the sponsor of the employee engagement survey.

Established mentoring relationships have continued during 2020. However other examples of workforce engagement activities usually carried out by Board members, including hosting talent lunches and dinners and town halls and visiting regional and overseas sites were not possible due to Covid-19 restrictions. It is intended these activities will recommence once restrictions are sufficiently eased or lifted and it is safe to do so.

We discuss our workforce engagement activities on page 08 and pages 49 to 51. Details of the impact of employee engagement on principal decisions are set out on pages 13 to 15.

Shareholder engagement
Shareholders play a valuable role in safeguarding the Group's governance through, for example, the annual re-election of directors, monitoring and rewarding their performance and engagement and constructive dialogue with the Board.

To engage with our shareholders, the Board utilises the following engagement methods: shareholder consultation; investor meetings and presentations; annual general meeting; annual report and our corporate website. Further details of our engagement with shareholders are on pages 09 and 82.

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 engagement is 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. The on-set of the Covid-19 pandemic resulted in meetings taking place by electronic means. Details of the Group's engagement activities with clients and suppliers during the year are provided on page 10.

Workforce policies and practices – Principle E

The Board and/or Executive Leadership Team review and approve all key policies and practices which could impact on our workforce and drive their behaviours. All policies support the Group's purpose and reflect our values and are published on the Group intranet.

As a business, we seek to conduct ourselves with honesty and integrity and believe that it is our duty to take appropriate measures to identify and remedy any malpractice within or affecting the Company. Our employees embrace our high standards of conduct and are encouraged to "speak up" if they witness any wrongdoing which falls short of those standards.

Mandatory training programmes are used to reinforce key ethics and compliance messages in areas such as anti-bribery and corruption and conflicts of interest. All Board members and employees are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. Further details are provided on pages 40 to 41 and page 80.

In 2020, the Board approved the Remuneration Policy for the executive directors and the Modern Slavery and Human Trafficking 2020 statement.

Division of responsibilities

Board roles – Principle F

There is clear division between executive and non-executive responsibilities which ensure accountability and oversight. The roles of Chair and Chief Executive are separately held and their responsibilities are well defined, set out in writing and regularly reviewed by the Board.

Further details on the roles of the Chair, Chief Executive, Senior Independent Director, non-executive directors and the Company Secretary is on page 80.

Independence – Principle G

The Board has reconfirmed that our non-executive directors remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgement.

External commitments and conflicts of interest – Principle H

The Board takes into account other commitments when considering anyone for appointment to the Board to satisfy itself that the individual can devote sufficient time to the Company and also to assess any potential conflicts of interest.

Key activities of the Board – Principle I

The Board typically schedules four face to face meetings and two calls on an annual basis. During 2020 additional meetings were also scheduled to enable discussion and monitor response to the Covid-19 pandemic and volatility in the oil price.

The Board held its March 2020 meeting at its offices in Reading, UK providing opportunity for discussions with local management and other employees. Other meetings during the year were held remotely by telephone or by video-conference.

The Board and its committees routinely invite members of the management team to attend meetings to present on the matters being discussed, enabling their input into discussions.

The following are covered as standing agenda items at the majority of meetings.

- 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)

Further details on Board activity during the year is on pages 84 to 86.

Composition, succession and evaluation

Appointments to the Board – Principle J

We ensure that appointments to our Board are made solely on merit with the overriding objective of ensuring the Board maintains the correct balance of skills, length of service and knowledge to successfully determine the Group's strategy.

Appointments are made based on the recommendation of the Nomination Committee with due consideration given to the benefits of diversity in its widest sense, including gender, social and ethnic backgrounds.

The Nomination Committee report on pages 89 to 91 provides further information on Board appointments, succession planning and diversity.

Board skills, experience and knowledge – Principle K

An effective Board requires the right mix of skills and experience. Our Board is a diverse and effective team focused on promoting the long-term success of the Group. An overview of the skills and experience of each of the directors is on pages 76 to 77.

Annual Board evaluation – Principle L

On an annual basis, an evaluation process is undertaken which considers the effectiveness of the Board, its principal committees and individual directors. This review identifies areas for improvement, informs training plans for the directors and identifies areas of knowledge, expertise or diversity which should be considered in our succession plans.

Further details on Board evaluation during the year is on page 81.

Audit, risk and internal control

Financial reporting – Principle M

One of the Audit committee's principal responsibilities is to review and report to the Board on the clarity and accuracy of the Group's financial statements, including the Annual Report and interim statement. When conducting its reviews, the Audit committee considers the overall requirement that the financial statements present a 'true and fair view'.

The main responsibilities of the Audit committee include:

- 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

External Auditor & Internal audit – Principle M

The Audit Committee has primary responsibility for managing the relationship with the external auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their reappointment or removal. 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.

Further detail on the work of the Audit Committee is on pages 92 to 95.

Fair, balanced and understandable – Principle N

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 and other stakeholders to assess the Group's position, performance, business model and strategy.

In reaching this assessment, the Board carried out an in-depth review of the financial statements and disclosures therein and noted the discussions between the Audit Committee and the Auditors on the adequacy and clarity of the disclosures. The Board was also 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 this 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 2021 Board meeting.

Risk management and internal control – Principle O

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 a well-established process for identifying, evaluating and managing the principal and emerging risks faced by the Group and this process 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 Governance Code. The Group, for the purposes of applying the Governance Code, comprises John Wood Group PLC and its subsidiaries[1].

A Group risk management standard codifies existing risk management practice and drives 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 58 to 64.

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 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 60 and 94 to 95.

- **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 40 to 41.

Audit, risk and internal control

Risk management and internal control – Principle O continued

- **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 relevant accounting standards, Company Law and our accounting policies; review of the primary areas of judgement and estimation for 2020; 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 management of HSSE, sustainability and business ethics and compliance programme.

The Board and its committees are assisted by the various Group functions including Internal Audit, HSSES and, where appropriate, the external auditors and other external advisors. 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 2020 are set out on page 92 to 95. 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 receives detailed monthly financial reports and meets on a monthly basis to discuss financial performance and other operational matters. The OpCom receives reports from each business units quarterly review meetings and quarterly project & risk review meetings, both of which involve the Chief Executive and the Chief Financial Officer.

Remuneration

Linking remuneration with purpose and strategy – Principle P

Our Remuneration Policy is designed to be simple, balanced and transparent, aligning with strategy, culture and delivery of shareholder value. 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.

Changes to policy and summary of process – Principle Q

The Remuneration Committee has an established, formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration. No director is involved in deciding their own remuneration outcome. In setting the Remuneration Policy, the Remuneration Committee considers the relevant provisions of the Governance Code, relevant regulations enacted under the Companies Act 2006 and shareholder views through consultation.

An updated Remuneration Policy received shareholder approval at the 2020 AGM. The Board engaged with shareholders on proposed policy and in taking the decision to recommend the new policy to shareholders, the Board was mindful of shareholder expectations in respect of executive pay and of guidelines produced by relevant advisory bodies such as the Investment Association. The views of the workforce were also listened to through the employee Listening Group Network.

Strategic targets and performance outcomes – Principle R

The Remuneration Committee exercises independent judgement and discretion when recommending remuneration outcomes to the Board, taking account of company and individual performance, and wider circumstances.

Further detail on the work of the Remuneration Committee is on pages 96 to 100.

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. 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 a 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 pages 13 to 15 describes how the Board's principal decisions taken during the year ended 31 December 2020 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 our strategy and aligning to our purpose to unlock solutions to the world's most critical challenges, the Board has:

- Overseen the ongoing delivery 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 wellbeing 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;
- Extensively engaged 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 page 12 and pages 54 to 57);
- Recognised and taken into account the impact of Covid-19 on our stakeholders.

Profit forecast

In our trading update on 14 January 2021, we 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: "Adjusted EBITDA will be $620m to $640m and adjusted EBITDA margin will be 8.2%-8.4%. Operating profit before exceptionals will be around $215m to $235m." Full year adjusted EBITDA was $630m, adjusted EBITDA margin was 8.3% and operating profit before exceptionals was $214m.

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.

Energy usage and carbon emissions

We recognise the impact of energy use and carbon emissions on climate change and are committed to minimising our environmental footprint.

The Company's approach to governance, mitigation, monitoring and assurance of climate change related risk is set out on pages 59 and 62 and details of the actions the Company is taking to manage and minimise our impact are set out on pages 42 to 47.

Detailed information on our energy usage in line with the Streamlined Energy & Carbon Reporting framework (SECR), is set out on page 44.

Political donations

During the year ended 31 December 2020, no political donations were made and no political expenditure was incurred, as defined in Part 14 of the Companies Act 2006.

Charitable donations

The employee matched funding initiative supports employee fundraising efforts for employee personal choice charities, with Wood matching up to 100% of the amounts raised by employees, up to a specified limit. This initiative is the foundation of our charitable donation programme. In 2020 the initiative donated over £160,000 in matched funding and additional community support donations, supporting more than 60 charitable organisations. See page 54 to 57 for further details.

The employee matched funding initiative is employee led. During 2020 none of the directors recommended or approved any charitable donations or other forms of giving.

In addition, our community investment programme provides funding for employee nominated activities that support our Global Cause on education. In 2020, our annual challenge on *education helped to donate over* £218,000 in seed funding across 10 countries, helping to tackle everything from youth education and skills development to promoting equality and the fundamental right to education for all. See page 56 for further details.

Articles of Association

The Company's Articles of Association were approved by shareholders and adopted at the annual general meeting held on 29 June 2020 and subsequently filed with the Registrar of Companies. The Articles of Association may only be amended by special resolution at a General Meeting of shareholders.

Our Articles of Association are available at: **woodplc.com/articlesofassociation**

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 688,339,369 ordinary shares, each carrying one vote. The total voting rights at the date of this report are accordingly 688,339,369. No person has any special rights of control over the Company's share capital and there are no shares carrying special rights or restrictions on voting rights. All issued shares are fully paid.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may, from time to time, be imposed by law, for example, insider trading regulations. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Details of significant direct or indirect holders of securities in the Company can be found on page 83 of this report.

The John Wood Group PLC Employee Share Trust holds shares to meet its obligations under the Company's employee share plans and rights in respect of those shares are not directly exerciseable by employees. The Trust refrains from exercising its voting rights.

Acquisitions and purchases of own shares

Subject to applicable law and the Company's Articles of Association, the directors may exercise all powers of the Company to authorise the issue and/or market purchase of the Company's shares, subject to an appropriate authority being given to the directors by shareholders in a General Meeting and any conditions attaching to such authority.

At the 2020 annual general meeting shareholders passed a resolution authorising the Company to purchase its own shares up to a maximum number of 68,493,937 ordinary shares. During the year ended 31 December 2020 the Company made no acquisitions of its own shares and the authority granted by this resolution has not been used.

Post balance sheet events

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

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, retirement and removal of directors

The rules governing appointment, retirement and removal of directors are detailed in the Articles of Association. A director may be appointed by an ordinary resolution of shareholders in a General Meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting. The directors may appoint a director during any year provided that the individual stands for election by shareholders at the next annual general meeting.

Powers of directors

Subject to applicable law and the Company's Articles of Association, the directors may exercise all powers of the Company.

Indemnity of officers

Under Article 137 of the Articles, the Company may indemnify any director or former director against any liability, subject to the provisions of the Companies Acts. Under the authority conferred by Article 137, the Company has granted indemnities to the directors of the Company. The indemnities do not apply to any claim which arises out of fraud, default, negligence or breach of fiduciary duty or trust by the indemnified person. In addition, the Company may purchase and maintain for any director or other officer, insurance against any liability. The Company maintains appropriate insurance cover against legal action brought against its directors and officers and the directors and officers of its subsidiaries.

Approval of the directors' report

The strategic report set out on pages 01 to 64 and the directors' report set out on pages 67 to 74 were approved by the Board on 11 March 2021 and have been signed by the Company Secretary on behalf of the Board.

Martin J McIntyre
Company Secretary

Footnotes

1. Subsidiaries are those entities which are under Group management and control as detailed in note 36 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 131 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 accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition the Group financial statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- 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 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.'

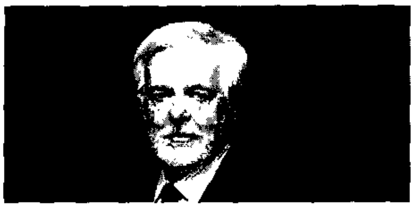
This responsibility statement was approved by the Board of Directors on 11 March 2021 and is signed on its behalf by:

Robin Watson

Robin Watson
Chief Executive

David Kemp
Chief Financial Officer

Board of Directors



Roy A Franklin OBE

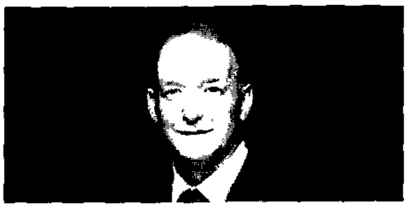
N

Chair

Appointed: 2017
Chair since September 2019

Contribution to the Company
Roy brings to the Board more than 47 years experience as a senior executive in the oil & gas industry including extensive experience in chairing boards of listed companies. Such combined experience enables him to steer the Board's focus, promoting open and productive debate and contributes to the Board's practical understanding of good governance. He has an outstanding track record and has demonstrated consistent and valuable leadership.

Experience
Roy is currently chairman of Premier Oil PLC and is 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, until June 2019 he was deputy chairman of Equinor A/S and until 25 February 2021 was chairman of privately-held Energean Israel Ltd.



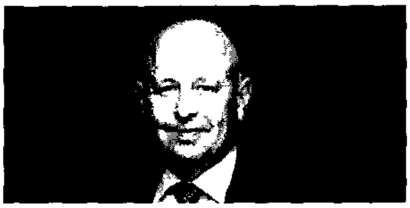
Robin Watson CBE

Chief Executive

Appointed: 2013
Group Chief Executive since January 2016

Contribution to the Company
Robin has a thorough understanding of the Company and a clear strategic mindset. He has extensive leadership and management experience, with a well established track record of implementing strategic change and operational delivery. His contribution and clear strategic vision is invaluable as we continue to re-position the business across the energy transition and deliver long-term growth, in a continually 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. He is a current member of the Energy Leaders Coalition (ELC), making a public declaration to improve gender diversity and personally committed to the Scottish Leaders Mentoring Scheme, to enable better senior and executive level gender diversity across Scotland's business sector. He has also been 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 was appointed a Commander of the Order of the British Empire (CBE) in the 2020 Queen's Birthday Honours, 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 and an Honours Degree in Offshore & Mechanical Engineering. Robin is also a Visiting Professor at the Robert Gordon University.



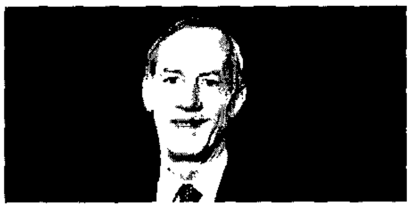
David Kemp

Chief Financial Officer

Appointed: 2015

Contribution to the Company
David is an experienced Chief Financial Officer (CFO) with a strong track record of delivering excellence. His extensive knowledge of the debt and equity markets and the wider financial and service sectors is integral to the Company's objectives of resilience and a strong balance sheet.

Experience
Group 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.



Nigel Mills

A N R

Non-executive and
Senior Independent Director

Appointed: 2020

Contribution to the Company
Nigel brings extensive financial, commercial and investor relations skills and experience to the Board, having advised some of the UK's largest companies across a broad range of end markets. Such experience ensures he is well equipped to provide sound advice to the Board together with independent challenge when appropriate. His contribution strengthens the Board's discussions and is invaluable as we strive for long-term growth.

Experience
Nigel is senior independent director of Persimmon Plc, where he has also fulfilled the role of acting chairman for a six month period. His executive career was in investment banking, as chairman of Corporate Broking at Citi and prior to that as chief executive at Hoare Govett.

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 experience of living and working in a number of different countries combined with her wealth of international expertise lends an additional perspective to the Board's discussions helping to drive our strategy forward.

Experience
Mary is currently independent board chair of QEP Resources Inc. She is a former non-executive director of Ausenco Limited and was, until end June 2020, a non-executive director of McDermott International Inc. 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.

Jacqui Ferguson A N R

Non-executive Director

Appointed: 2016

Contribution to the Company
Jacqui contributes to both strategic and operational matters and her diverse outlook and broad industry related technology experience from multiple sectors including telecommunications, financial services, manufacturing, travel & transportation, energy and government is an important element enabling the Board to deliver its strategy and long-term growth.

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.

Birgitte Brinch Madsen N S

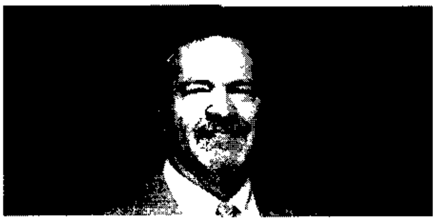
Non-executive Director

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 and her knowledge and understanding of green energy technologies adds real value as Wood continues to strengthen its expertise within renewable energy. Her contribution adds to the balance of skills and diversity of views on the Board.

Experience
Birgitte is currently non-executive director of the Danish based road contractor, Arkil Holding A/S, a position she has held since April 2019. She is also non-executive director at the Danish fund companies Danske Invest and 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



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 brings extensive practical and business knowledge to the Board's discussions and 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, chairman 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.

Adrian Marsh A N S

Non-executive Director

Appointed: 2019

Contribution to the Company
Adrian has a wealth of financial expertise in large multi-national companies. His background and proven track record in financial, strategic and commercial roles contributes to the Board's understanding of the financial aspects of the Company's business and operations.

Experience
Adrian has been Group Finance Director of 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.

Previous directors

Jeremy Wilson
Appointed: 2011
Non-executive and Senior Independent Director. Chair of the Remuneration Committee and member of the Audit and Nomination Committees. Resigned June 2020.

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 is collectively responsible for the governance of the Company on behalf of shareholders and is accountable to them for the long-term success of the Group. The Board focuses its time and energy on strategy, succession planning, significant acquisitions and divestments, 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 Board Committees – the Safety, Assurance & Business Ethics Committee, the Nomination Committee, the Audit Committee and the Remuneration Committee. The work of these Committees is supported by members of the Executive Leadership Team (ELT) and other senior management.

The Company Secretary provides advice and support to the Board and all Board Committees.

Safety, Assurance & Business Ethics Committee

Oversees the Group's management of HSSE, Sustainability and the Business Ethics and Compliance programme, consistent with the Group's values.

Read more on page 87

Nomination Committee

Leads the process for Board appointments, ensuring formal, rigorous and transparent procedures and making recommendations to the Board to ensure plans are in place for an orderly succession to both the board and senior management positions and oversees the development of a diverse pipeline for succession.

Read more on page 89

Audit Committee

Responsible for reviewing the effectiveness of the Group's internal financial controls, monitoring the integrity of the Group's financial statements and internal and external audit functions. The Audit Committee aims to promote high standards of corporate governance by ensuring robust and effective financial controls, reporting and audit.

Read more on page 92

Remuneration Committee

Oversees and is responsible for various aspects of remuneration and benefits of the Chair, executive directors, members of the ELT and the Company Secretary.

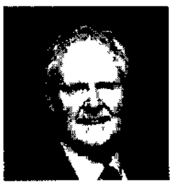
Read more on page 96

Executive Leadership Team

The ELT operates under the authority of the Chief Executive and comprises the Chief Executive, Chief Financial Officer, Chief Operating Officer, the Executive Presidents of our three business units, and the Executive Presidents of our Health, Safety, Security, Environment & Sustainability, People & Organisation and Strategy & Development functions.

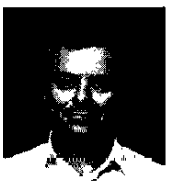
The ELT supports the Chief Executive with the development and implementation of Group strategy and with the management of the business operations of the Group.

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



Dave Stewart
Chief *Operating* Officer

Joe Sczurko
Executive *President*, Consulting



Mike Collins
Executive *President*, Projects

Stephanie Cox
Executive *President*, Operations

Sue MacDonald
Executive *President*, People & Organisation

Nina Schofield
Executive *President*, HSSES

Andrew Stewart
Executive *President*, Strategy & Development

Executive Leadership Team and business unit update

During the year, Ann Massey, President of Corporate Development, stepped down from her role on the ELT.

In October 2020 we commenced planning for our "Future Fit" initiative. Future Fit is an acceleration of our existing strategy focused on ensuring our business is fit for accelerating the pace of the energy transition and the drive towards more sustainable infrastructure, through optimising our operating model and further digitalising the way we work to unlock stronger medium-term growth. This includes transforming how we operate, moving to three global business units; Consulting, Projects and Operations, financial reporting under these business units will be effective from 1 January 2021. Joe Sczurko has been appointed Executive President – Consulting having previously been CEO of Technical Consulting Solutions. Stephanie Cox moves from her role as CEO of Asset Solutions Americas to Executive President - Operations. Mike Collins joins the ELT as Executive President – Projects from his position as *President of Capital Projects, AS EAAA*. Mike has over 27 years' experience in the energy industry, including 20 years within Wood, working across a number of technical, operational and country and regional business management roles.

We have also created a new ELT role and Dave Stewart has been appointed as Chief Operating Officer (COO), having previously been CEO of ASEAAA. As COO Dave will lead the Operating Committee (OpCom) to drive operations excellence in delivery, efficiency, and operational assurance.

Operating Committee

The OpCom operates under the authority of the Chief Executive and is led by the COO. The OpCom is responsible for overseeing the definition and execution of a global operational strategy that supports the priorities of the business.
The OpCom will drive operations excellence in the form of enhanced operating discipline to ensure greater consistency in operational outcomes. The OpCom comprises the COO, the Executive Presidents of our three business units, the Presidents Operations Excellence of our three business units and the leaders of our Digital & Technology, Supply Chain and Operations Assurance functions.

Investigations Oversight Committee

The Board established the Investigations Oversight Committee following the acquisition of Amec Foster Wheeler to oversee and report to the Board on the investigations by various authorities 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 members of the Committee are Thomas Botts (Chair), Roy Franklin and Adrian Marsh along with the Executive President HSSES and the General Counsel. The Chief Executive and CFO also attend meetings of the Committee.

Group Risk Committee

The Group Risk Committee ensures the material and emerging risks for Wood are appropriately measured and managed and that all principal risks are identified and appropriately mitigated. The Board formally reviews the work of the Committee, including the summary of principal risks, twice a year.

The Committee is attended by the full ELT and the General Counsel.

Covid-19 Response Committee

A Covid-19 Response Committee was created in March 2020 in order to assist the Board in its oversight responsibilities by reviewing, monitoring and supporting the Company's response to the Covid-19 pandemic and related market conditions. The Committee is only intended to be established for the duration of the pandemic.
All directors are members of the Committee.

Corporate governance arrangements

Details of how the Company has complied with each Principle of the 2018 UK Corporate Governance Code (the Governance Code) are set out on pages 68 to 72.

Board composition

The Board comprised nine directors for most of the year. Jeremy Wilson resigned as a non-executive director with effect from 29 June 2020. Birgitte Brinch Madsen was appointed as a non-executive director with effect from 1 March 2020. Nigel Mills was appointed as a non-executive director with effect from 1 May 2020 and became Senior Independent Director following Jeremy Wilson's resignation.

The Board considers any recommendations made by the Nomination Committee with regard to board composition and proposed appointments.

Further details on director appointments and the role of the Nomination Committee are set out on page 89

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

Board roles

As agreed by the Board and in compliance with the Governance Code there is a clear separation of the roles of the Chair and the Chief Executive.

The Chair is a non-executive director and is responsible for leadership of the Board, creating the conditions for overall Board and individual director effectiveness. The Chair's responsibilities include providing coherent leadership consistent with the Group's vision and values, running the Board and setting its agenda, taking full account of all concerns of Board members, and ensuring there is a clear structure for, and the effective running of, Board Committees with appropriate terms of reference. The Chair 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 an executive director and is responsible for running the business of the Group in close collaboration with and with the support of the Executive Leadership Team. Members of the Executive Leadership Team report directly to the Chief Executive. The Chief Executive's responsibilities include developing group objectives and strategy for approval by the Board, effectively leading the Executive Leadership Team and senior leadership in the day-to-day running of the Group's business and setting out the Group's culture, values and behaviours.

The Senior Independent Director provides support to the Chair and to the Board in the delivery of its objectives. The Senior Independent Director is available to shareholders who have concerns that have not been resolved through discussion with the Chair or Chief Executive. The Senior Independent Director is responsible for leading the evaluation of the Chair on behalf of the other directors.

Non-executive directors have a responsibility to bring constructive, independent challenge and judgement to Board discussion. The Chair and the non-executive directors meet periodically without the executive directors present. Non-executive directors are required to be free from any relationships or circumstances which are likely to affect the independence of their judgement. The Nomination Committee reviews the independence of non-executive directors.

The Company Secretary is responsible for advising the Board on all governance matters. The responsibilities of the Company Secretary include ensuring information flows within the Board and its Committees and between senior management and the non-executive directors, facilitating the induction of new directors and assisting with the ongoing training and development needs of Board members as required, and facilitating an annual board, committee and individual director effectiveness review.

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

For brief biographies of the directors see pages 76 to 77

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. As stated earlier, Jeremy Wilson resigned as a non-executive director with effect from 29 June 2020. Jeremy had been a director of Wood since August 2011 and his resignation was in line with the principles of the UK Corporate Governance Code regarding the tenure of independent directors.

Conflicts of interest

The Board requires directors to declare any appointments or other situations which would amount to a possible conflict of interest, including those resulting from significant shareholdings, and to ensure that the influence of third parties does not compromise or override independent judgement. The Board has procedures in place to deal with and, if necessary, approve any such conflicts.

At the start of any Board or Committee meeting, directors are required to declare any conflicts arising from agenda items scheduled for that particular meeting and not to take part in any discussion of that particular item.

Board re-election

All Board directors are required to offer themselves for re-election at the annual general meeting (AGM) of the Company. Any director appointed after the AGM must stand for election by shareholders at the next AGM. As required by the Governance Code the papers accompanying the resolutions proposing their election or re-election set out specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.

Evaluation of performance

During 2019 and 2020 Lintstock, a corporate advisory firm, undertook independent evaluations of the Board and its committees and of the Chair. Lintstock has conducted previous evaluations of the board and its committees but has no other connection with the Company or any of the directors.

The evaluations were conducted utilising questionnaires issued to and completed by each Board member.

The results of the evaluation conducted during 2019 were reviewed by the Board and committees during the March 2020 Board meeting and the results of the evaluation conducted during 2020 were reviewed during the November 2020 Board meeting.

With regard to the evaluation conducted during 2019, the recommendations and the actions taken subsequently were:

Continuing efforts to improve the diversity of the Board

During 2020 two additional non-executive directors were appointed. Birgitte Brinch Madsen, a Danish national, added greater geographical diversity to the Board and her global experience of engineering and consulting projects in both the energy sector and the built environment and her knowledge and understanding of green energy technologies added to the balance of skills on the Board. Nigel Mills' appointment added extensive financial, commercial and investor relations skills and experience to the Board and his experience as a senior independent director ensures he is well equipped to provide sound advice and independent challenge to Board discussion.

Board succession and composition is regularly reviewed by the Nomination Committee with appropriate recommendations to the Board.

Conducting in-depth reviews of specific risks as part of its risk review process

It was agreed to add a biannual risk review to the Board calendar.

Developing a greater understanding of investor views

Time was allocated at board meetings to discuss the views of shareholders.

With regard to the evaluation conducted during 2020, the Board's effectiveness in adjusting its focus and priorities in response to the Covid-19 pandemic was rated very highly.

The following were all rated highly overall: Board composition; senior management succession planning; monitoring of culture and behaviours; non-executive directors' engagement with management; management of Board meetings; effectiveness of remote Board meetings; communications during the Covid-19 pandemic.

The Board's understanding of investors, clients, employees and partners was rated positively overall.

Oversight of the Group's processes for improving diversity and inclusion was rated as adequate.

The top priorities for the Board were identified as:

Board and senior management succession:

The importance of ensuring that the Board and senior management profile reflects the future direction of the organisation, as well as ensuring the expertise of departing Board members is replaced.

Devoting time to discussion:

The Board should focus on deeper exploration of individual issues, allocating more time for discussion in general and with particular reference to Wood's competitive positioning in the built environment sector.

Focusing on performance, including through metrics:

Greater focus on operational execution, informed by appropriate metrics and having better leading KPIs for business performance, enabling non-executive directors to gain an understanding of how the business is performing and to flag areas of potential concern.

Board development

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

- Diversity & inclusion targets and initiatives including conscious inclusion training
- Mental health in the workplace and the steps being taken to improve mental health awareness
- Market backdrop and share price performance, valuation analysis on consensus and management forecasts and potential third party approaches and shareholder activism
- UK regulatory considerations; key features of the UK Takeover Code and the Board's responsibilities, including their fiduciary duties.

Arrangements are in place for newly appointed directors to undertake an induction process designed to develop their knowledge and understanding of the Group's business. This includes meetings with senior management, visits to operating sites and discussion of relevant business issues. Due to Covid-19 restrictions it was not possible for Birgitte Brinch Madsen and Nigel Mills, both appointed during 2020, to visit any operating sites and meetings with senior management took place remotely. It is intended that this part of the induction process will recommence once restrictions are sufficiently eased or lifted and it is safe to do so.

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.

Sustainability of the Group's business model

As part of the continuing assessment of the flexibility and sustainability of our business model, the Board monitors and reviews strategy (including purpose and strategic objectives). Through its review, the Board is able to assess and identify changing or emerging risks that could impact on the Group in the short and medium-term.

During the year, the Group Risk Committee has continued to monitor the impact of climate change on the Group's principal risks as set out in page 59. In particular a deep dive on the strategic ability principal risk was carried out. The review looked at the risks to our strategy aligned to opportunities arising from energy transition and sustainable infrastructure trends and the resilience of our business model to deliver sustainable growth from these trends. As a result of the review, the previously defined "Market expectation for sustainable growth" principal risk was redefined as "Strategic agility" and described as set out on page 62.

Additionally, the Group Risk Committee completed a risk amplification exercise to review the longer-term impact of Covid-19 against the existing principal risks. As a result of the review it was concluded that a new principal risk titled "Enduring Impact of Covid-19" would be added to the list of principal risks which considers the HSSE, financial and business disruption impacts of Covid-19, including the impact on our people, clients, suppliers and business partners.

The Board believes that Wood plays a vital role in addressing climate change through the technical solutions it provides to clients as well as minimising its own environmental footprint. Recognising this role and the importance of protecting the environment and the communities in which we operate, research was conducted on the expectations and ambitions of our stakeholders, including investors, clients, and business partners prior to defining Wood's carbon emissions reduction target. The Board reviewed and considered the research and approved the recommendation to reduce its scope 1 and 2 greenhouse gas emissions by at least 40% by 2030.

Engagement with shareholders

Our investor relations (IR) activities are led by the Chief Executive and 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 CFO at least twice a year around the interim and final results announcements and with the Chair around the Annual General Meeting. The Chair also has regular calls with the Company's brokers to understand the views of shareholders and equity markets more broadly.

During 2020, in addition to periodical market updates and our annual and half-year results, more than 100 shareholder engagements took place between investors and the IR team and/ or the Chief Executive and CFO. A small number of these were meetings with shareholders in early March following the 2019 full-year results announcement, but all subsequent shareholder engagement was carried out by call and video conference.

Government restrictions on travel and public gatherings in response to the Covid-19 pandemic meant that we were unable to hold our AGM as planned in May and we took the decision to delay until June in anticipation that restrictions may have been eased, allowing shareholders to attend. Despite the delay to the AGM, engagement between significant shareholders and the Chair proceeded as normal albeit via call rather than meetings. The engagement focused on Wood's actions in response to Covid-19, as announced on 2 April, including the decision to withdraw the final dividend for 2019 as well as Wood's medium-term strategic objectives as set out in our capital markets presentation in November 2019. See pages 13 to 15 for further detail.

The AGM was held on 29 June, however, as restrictions on travel and public gatherings were still in place it was held as a closed meeting which shareholders were unable to attend. Shareholders were however provided with the opportunity to submit questions in advance of the AGM through our website.

The CFO engaged with the Company's brokers and shareholders regarding withdrawal of the previously declared 2019 final dividend. Feedback was also received from employees and from the Company's lenders.

The Board engaged with shareholders on our proposed Directors' Remuneration Policy, which was submitted for shareholder approval at the 2020 AGM. In taking the decision to recommend the new policy to shareholders, the directors were mindful of shareholder expectations in respect of executive pay and of guidelines produced by relevant advisory bodies such as the Investment Association. The views of the workforce were also listened to through the employee Listening Group Network and feedback from the employee engagement surveys. Such engagement resulted in a Directors' Remuneration Policy for executive directors designed in line with the philosophy and principles underpinning remuneration throughout the organisation but more heavily weighted towards variable pay than for the wider workforce to ensure longer-term alignment with shareholder expectations.

Update on investigations

The IOC, chaired by Thomas Botts, continued to provide independent oversight, monitoring and reporting to the Board of our response to the ongoing investigations by the relevant authorities into the historical use of agents and other matters. In 2019, discussions concerning possible resolutions of the investigations by the authorities in the US, Brazil and Scotland had previously progressed to the point where the Group believed that it was likely to be able to settle the relevant matters with these authorities. Since then, the Group has continued to cooperate fully with all authorities and discussions concerning possible resolution of the investigations by those authorities and with the SFO have continued and are at an advanced stage. The Group now believes that it is likely to be able to settle all of the above matters with the relevant authorities, subject to approval of the relevant courts.

Major shareholdings

The Company has been notified, in accordance with DTR 5, of the major shareholdings in the Company as of 31 December 2020, as shown in the table below:

Shareholders	No of shares	% of shares
Standard Life Aberdeen plc	42,106,866	6.12%
FIL Limited	39,740,952	5.77%
Pzena Investment Management, Inc.	34,273,605	4.98%
Franklin Templeton Institutional, LLC	33,950,724	4.93%
Artisan Partners Limited Partnership	33,601,505	4.88%
Ameriprise Financial	33,549,841	4.87%
Norges Bank Investment Management	28,551,308	4.15%
APG Asset Management N.V	27,345,991	3.97%
Kiltearn Partners LLP	23,028,390	3.35%

The following changes in the interests disclosed to the Company have been notified between 31 December 2020 and 15 March 2021:

- On 17 February 2021 Standard Life Aberdeen plc disclosed that their percentage interest in the ordinary share capital of the Company was 5.62% (38,716,841 ordinary shares)
- On 19 February 2021 FIL Limited disclosed that their holding had reduced and was below their disclosable threshold
- On 3 March 2021 Norges Bank Investment Management disclosed that their percentage interest in the ordinary share capital of the Company was 3.98% (27,404,062 ordinary shares)

Board and Committee attendance 2020

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	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
T		F T	V	V	V		V		V	V	

	Board	Safety, Assurance & Business Ethics Committee	Nomination Committee	Audit Committee	Remuneration Committee
Roy Franklin	9/9	-	4/4	-	-
Robin Watson	9/9	-	-	-	-
David Kemp	9/9	-	-	-	-
Thomas Botts	9/9	4/4	4/4	-	-
Jacqui Ferguson	9/9	-	4/4	4/5(b)	7/7
Birgitte Brinch Madsen*	7/8(a)	3/4(a)	3/3	-	-
Adrian Marsh	9/9	4/4	4/4	5/5	
Mary Shafer-Malicki	9/9	-	4/4	5/5	7/7
Nigel Mills**	5/5	-	2/2	2/2	4/4
Jeremy Wilson***	6/6	-	2/2	3/3	4/4

Attendance at Board and Committee meetings is noted as the number of meetings attended/the maximum number of meetings possible for that director to attend, so accounting for appointments and resignations part way through the year.

During 2020, all directors attended all meetings they were entitled to attend with the following exceptions:

a. Birgitte Brinch Madsen, who was appointed as a director 1 March 2020, was unable to attend a Board meeting that was arranged at short notice later that month, due to a conflicting engagement. She was also unable to attend a meeting of the Safety, Assurance & Business Ethics Committee in May due to a long-standing commitment that was set prior to her appointment to the Wood Board;

b. Jacqui Ferguson was unable to attend a meeting of the Audit Committee in February 2020 due to a conflicting engagement;

* Birgitte Brinch Madsen was appointed 1 March 2020
** Nigel Mills was appointed on 1 May 2020
*** Jeremy Wilson resigned 29 June 2020

F Face to face
T Telephone
V Video conference

Board programme & agenda

The Board typically schedules four face to face meetings and two calls on an annual basis. During 2020 additional meetings were held to enable discussion and monitor response to the Covid-19 pandemic. As a result of the pandemic, the majority of meetings held in 2020 were via video conference. 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 84 to 86.

Strategy

Activity

- Wood's strategy was reviewed and regularly discussed at Board meetings. Detailed interim updates were provided to the August and October Board meetings and a full day was set aside as part of the November board meeting dedicated to in-depth strategy review and discussion and succession planning
- Individual strategy updates were received from each business unit
- As part of the continuing review of the flexibility and sustainability of our business model, and Wood's role in addressing climate change including minimising its own environmental footprint, research was conducted with our stakeholders, including investors, clients, and business partners

Outcome/progress:

- Regular updates were received from each business unit with additional overview presentations from the Executive President - Strategy & Development
- The continuous process for developing strategy was reviewed at the August and October Board meetings and a full day was set aside at the November Board meetings for more in-depth review and discussion
- Portfolio rationalisation and establishment of the Technical Consulting Solutions business unit had been successfully implemented with standardisation, optimisation and digitisation ongoing
- The Chief Executive reviewed the strategic plan in light of Covid-19. After review by the Board, this led to the development of five key focus areas for the delivery of Wood's strategy: compelling investment; growth and scale-up in new markets; make an impact; modernise and automate; be the employer of choice
- The Board reviewed and considered the climate change and environmental footprint research and approved the recommendation to set a target to reduce Wood's scope 1 and 2 greenhouse gas emissions by at least 40% by 2030
- The Board reviewed a summary of post Covid-19 strategic options that had been prepared with the Company's brokers

Safety, Assurance and Business Ethics

Activity

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

Outcome/progress:

- Updates were received at each meeting on the activities of the Investigations Oversight Committee. The closure of the Gulf of Mexico Administrative Agreement was noted as were actions undertaken to ensure that the lessons learned from the incident were embedded throughout the organisation in order to prevent recurrence
- Updates were received on the response to the Covid-19 pandemic, including communications with and feedback received from the workforce, clients and shareholders together with review of return to the workplace measures to ensure alignment with prevailing government advice
- The draft Modern Slavery and Human Trafficking 2020 statement was approved
- Reviewed progress made regarding Commercial Intermediaries. It was noted the number of intermediaries had reduced significantly and all of them were compliant with Group policy

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
- Challenge of management's conclusions on the effectiveness of internal controls
- The approach to identifying and assessing emerging risks was reviewed against the guidance in the Governance Code
- Review of risks associated with climate change and review of other emerging risks
- Discussion on whether Brexit should be considered a principal risk
- Discussion on whether the Covid 19 pandemic should be considered a principal risk

Outcome/progress:

- Updated principal risks included in annual and half year reports
- Overall the internal controls were agreed to have been operating effectively during the year with some areas for improvement identified, particularly related to smaller businesses not yet integrated into the Group's common ERP system, utilisation of the shared services model and controls in place around bidding, estimation and forecasting in certain capital projects in ASA
- Climate change risks were discussed and a new principal risk on ESG was defined in January. Climate change was discussed further during a Group Risk Committee review in May resulting in both the ESG and strategic agility risks being refined further
- Brexit would continue to be monitored for any potential risk
- The enduring impact of the Covid-19 pandemic was now considered a principal risk
- Roll-out of the Group project risk management standard
- Development of a tool to assess schedule risk and cost

Review of Dividend Policy

Activity

- Reviewed and discussed the current and future dividend policy
- Reviewed the payment of dividends for the year and the withdrawal of the recommendation of a final dividend for 2019

Outcome/progress:

- The Board received reports from the CFO in March and August concerning dividend policy and reviewed whether payment of dividends was appropriate given prevailing market conditions
- The dividend policy was regularly reviewed and, recognising the importance of dividends to shareholders, the Board committed to reviewing the future dividend policy once there is greater clarity on the impact of Covid-19 and the significant levels of oil price volatility.

Governance

Activity

- Reviewed the Matters Reserved to the Board policy
- Reviewed the respective charters for the Audit, Remuneration, Nomination and the Safety, Assurance and Business Ethics committees and the Roles and Responsibilities of the Directors
- Reviewed the Company's share dealing policy
- Reviewed the updated Market Abuse Regulation – *Procedures Systems & Controls Policy*
- Reviewed the directors' external appointments register
- Reviewed non-executive directors' fees and Chair remuneration for 2021

Outcome/progress:

- Updated Matters Reserved to the Board policy was approved
- The respective Audit, Remuneration, Nomination and Safety, Assurance and Business Ethics committee charters and the Roles and Responsibilities of the Directors were all approved and published on the Company website
- The updated share dealing policy was approved
- The updated Market Abuse Regulations – Procedures *Systems & Controls Policy was approved*
- No increase to non-executive directors' fees and Chair remuneration for 2021 was recommended

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
- Implementation and review of a margin improvement program
- *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 remit of the margin improvement programme was agreed in order to underpin the Company's medium-term strategic objective to create a premium, differentiated, high margin business
- The Audit Committee reported on matters including: internal audit activity; financial results and independence of the external auditor

People and succession planning

Activity

- Reviewed succession plans in place for the Board, ELT and other senior management positions in the Group
- Reviewed the Company's various initiatives on inclusion and diversity
- Reviewed the Gender Pay Gap report
- Further employee engagement

Outcome/progress:

- The Board noted the succession plans for senior executives and senior management. The Board also challenged the diversity of the succession pipeline
- The Gender Pay Gap report indicated our position was consistent with industry peers
- A target for female representation in senior leadership roles was set to be at least 40% by 2030, with a focus on increasing graduate recruitment
- Attendance by board members at conscious inclusion training sessions
- Board participation in Listening Group Network calls on topics including pay issues and wellbeing

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 CFO on Investor Relations 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:

- Significant shareholders have the opportunity to meet with the Chief Executive and CFO at least twice a year around the interim and final results announcements and with the Chair around the Annual General Meeting During 2020, government restrictions on travel and public gatherings in response to the Covid-19 pandemic meant that the majority of engagement was carried out by calls and video conference. The AGM was held on 29 June as a closed meeting which shareholders were unable to attend as restrictions on travel and public gatherings were still in place however shareholders were provided the opportunity to submit questions in advance of the AGM through our website
- Engagement with investor proxy agencies took place upon request
- Our established employee networks continued to meet, in line with our commitment to listen to our workforce, with a non-executive director actively participating in each session. Feedback was delivered to the Board
- A new Team Wood network was established on Yammer, allowing all Wood employees to share individual and common experiences

Safety, Assurance & Business Ethics Committee

"In 2020 the Committee was actively engaged in Wood's response to the Covid-19 pandemic, overseeing the safety & wellbeing strategy, emergency response, business continuity and ongoing risk management. With the expansion of its role to include sustainability, the Committee endorsed Wood's sustainability strategy, including the setting of a carbon emissions reduction target."

Thomas Botts
Chair, Safety, Assurance & Business Ethics Committee

Committee meetings in 2020

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		F		V			V			V	

Membership

In 2020 the Committee attendees comprised Thomas Botts, Chair, Adrian Marsh and Birgitte Brinch Madsen who joined the Committee in March 2020 following her appointment as non-executive director. The Chair, Chief Executive, Executive President HSSES and the Chief Ethics and Compliance Officer were also in attendance. The Committee meets four times a year and has a written charter setting out its responsibilities.

Main responsibilities:

The Committee's main responsibilities include reviewing and making recommendations on the:

- 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
- Effectiveness of the Group's sustainability management approach and its response to sustainability risks
- 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 HSSES and Compliance function throughout the organisation
- Oversight of any ongoing regulatory investigations and the associated case management

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

F Face to face
T Telephone
V Video conference

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.

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.

Covid-19 response & safety

In 2020 the Committee was actively engaged in Wood's response to the Covid-19 pandemic. This involved reviewing and providing oversight of the safety and wellbeing strategy; emergency response and business continuity arrangements; ongoing risk management; and operational readiness and planning for a safe return to work. The Wood response to the pandemic was considered to be both immediate and effective in minimising business disruptions. The IT infrastructure was able to support our actions to ensure the safety our people by enabling over 40,000 users to work remotely within 2 weeks. In addition, many of Wood's larger project sites continue to operate throughout the pandemic under a robust control regime that emphasises workplace health and rigour in hygiene, social distancing and the wearing of face masks. The Committee received weekly briefings providing an overview of the current Wood and global pandemic status along with any changes in the pandemic risk assessment, travel or operational restrictions and control measures.

The Committee also provided oversight to the incident investigations into the two fatalities that regrettably occurred during the year. The purpose of this oversight was to ensure the investigations were independent, of high quality and fully identified the root causes and organisational learnings from these two tragic events.

Safety, Assurance & Business Ethics Committee continued

Sustainability

Sustainability is embedded in Wood's strategy, culture and day to day operations. To reflect this the Committee's terms of reference were expanded in 2020 to formalise its responsibilities for overseeing the Group's effectiveness in its approach to sustainability management, responding to sustainability risks and positioning the Company with external stakeholders through engagement and Global Compact driven disclosure in our Sustainability Report.

In 2020, the Committee reviewed and endorsed the Wood Sustainability Strategy. The Strategy has been developed in response to the UN Global Compact principles and supporting actions identified by the UN Sustainability Development Goals (SGDs).

It is focused on Wood's key material sustainability development aspects significant to our success and relevant to our key stakeholders, linking Wood's journey into those of the SGD objectives. As part of the delivery against the Strategy, the Committee made recommendations to the Board regarding the setting of Wood's science-based target to reduce carbon emissions. The target represents a 40% reduction in scope 1 and 2 greenhouse gas emissions by 2030 which puts Wood on a trajectory well beyond the 2-degree Celsius temperature goal identified by the Paris Agreement, and will be achieved without the use of carbon offsets.

In addition, the Committee endorsed both Wood's Annual Sustainability Report and the suitability of Wood's Modern Slavery & Human Trafficking Statement in pursuance of Wood's legal obligations under the Modern Slavery Act 2015 and our commitment to uphold the Universal Declaration of Human Rights.

Read our 2020 Sustainability report:
woodplc.com/sustainability

Read the Modern Slavery & Human Trafficking Statement:
woodplc.com/modernslavery

Regulatory compliance & Business Ethics

With regards to matters of Ethics and Compliance, the Committee ensures a higher level of governance for matters concerning major regulatory investigations or significant breaches of a compliance nature. In addition to the normal routine SABE review of ongoing investigations, an Investigation Oversight Committee (the IOC) was established by the Board in November 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 IOC, chaired by Thomas Botts, continued to provide independent oversight of the risk analysis, mitigation and response of the business in connection with certain ongoing investigations by the relevant authorities into the historical use of agents and other matters.

Another key area of focus in 2020 for the SABE Committee has been on reviewing progress with strengthening global processes on data privacy building on the success of the implementation of the European General Data Protection Regulation (GDPR).

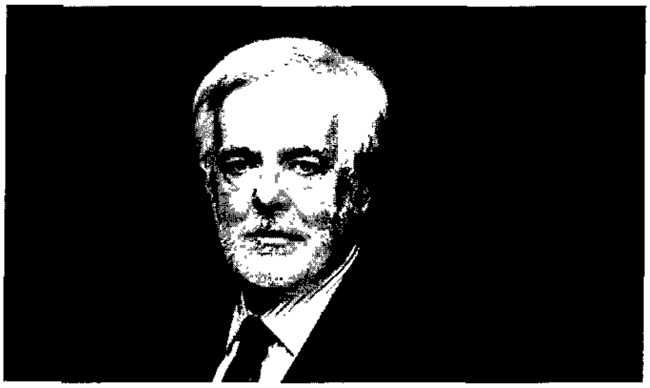
Assurance

The Committee continued to monitor the activities of the Operation Assurance (OA) function which has responsibility for reviewing project execution compliance with HSSE, Technical and Quality policies and standards. The Committee has visibility over the Operations Assurance schedule of reviews, key emerging themes and organisational learnings. A separate review of assurance findings was conducted in Q3 2020 which identified key areas for improvement including; standardising processes in our enterprise management systems; strengthening project management commercial understanding and awareness; strengthening our process of project start-up and hand over; risk and opportunity management; and the management of change. These areas will form the basis for improvement plans to be implemented under our newly formed Operations Committee.

Committee evaluation

In November, the Committee participated in an evaluation process as part of the annual Board evaluation externally facilitated by Lintstock. The review focused on the effectiveness of the Committee's meetings and processes and the performance of the SABE Committee was rated highly overall. The key area for improvement going forward was the continuing maturing and development of the oversight of sustainability matters following the formalisation of the Committee's responsibility for sustainability in 2020.

Nomination Committee



"In 2020, the Committee was active in progressing Wood's inclusion & diversity strategy through establishing measurable targets and its approach to succession planning. The Committee also focused on the independence of non-executive directors and the effectiveness of the Board and its leadership. Two new independent non-executive directors were appointed in 2020."

Roy A Franklin
Chair, Nomination Committee

Committee meetings in 2020

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
T		F					V			V	

F Face to face
T Telephone
V Video conference

Membership

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

Birgitte Brinch Madsen was appointed to the Committee in March 2020 and Nigel Mills was appointed to the Committee in May 2020. Jeremy Wilson stepped down from the Committee in June 2020 following his resignation as a non-executive director.

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 and making recommendations to the Board with regard to any adjustments
- Nominating candidates for the approval of the Board
- Ensuring succession plans are in place for the Board and senior executive positions

Work of the Nomination Committee

The purpose of the Committee is to lead the process for Board appointments, ensuring formal, rigorous and transparent procedures and making recommendations to the Board to ensure plans are in place for an orderly succession to both the Board and senior management.

The Committee also oversees the development of a diverse pipeline for succession.

The Committee held four formal meetings during 2020 and focused on Board appointments, succession planning and inclusion and diversity.

Board appointments

In 2020 the Committee recommended the appointment of Birgitte Brinch Madsen and Nigel Mills as non-executive directors.

Birgitte was appointed on 1 March 2020 following a process which had commenced in 2019 utilising Korn Ferry, a global leadership and talent consulting firm that assists Wood on recruitment for Board and senior level positions. Korn Ferry provide no other services to Wood and we consider it independent of the Company and the Board.

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 as he had served on the Board for nine years. Other than recruitment consulting services, Heidrick & Struggles provide no services to the Company and accordingly we consider Heidrick & Struggles to be independent of the Company and the Board.

Nomination Committee continued

Selection criteria were agreed to include a requirement for candidates to have strong and relevant UK PLC board experience and who can contribute strong knowledge of capital markets. 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 Nigel Mills particularly with regard to his extensive financial, commercial and investor relations experience in advising some of the UK's largest companies across a broad range of end markets, and unanimously recommended to the Board his appointment as a non-executive director with effect from 1 May 2020. Nigel Mills was subsequently appointed as Senior Independent Director following Jeremy Wilson's resignation on 29 June 2020.

Independence

The Nomination Committee also reviewed non-executive director independence. After careful consideration, the Board confirmed that it regarded each non-executive director as independent for the purposes of the 2018 UK Corporate Governance Code ("the Governance Code"). All non-executive directors are considered to be independent in character and judgement; with no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

External appointments

The Board requires all directors to declare any external appointments and has procedures in place to monitor and approve such appointments to ensure the director continues to devote sufficient time and commitment to the Company. In March 2020, David Kemp, an executive director, was appointed as a non-executive director of Craneware plc. David Kemp continues to devote time and commitment to his role in the Company and is considered a full-time employee.

Succession planning

The Board has a duty to ensure the long-term success of the Company, which includes ensuring that we have a steady supply of talent for executive positions and established succession plans for Board changes.

The Committee considers the Group's succession planning on a regular basis, including consideration of the length of service of the Board as a whole, to ensure that changes to the Board are proactively planned and co-ordinated. The Committee recognises that the Board currently has no ethnic minority representation on the Board and does not yet meet the recommendations of the Hampton-Alexander and Parker reviews to have at least one director from an ethnic minority background on the Board by 2024. The Committee is mindful of, and gives consideration to, the recommendations of the Parker Review during reviews of the Board succession plans, and during the recruitment process for new directors, to ensure the Board is regularly refreshed and appointments are objective whilst promoting diversity of gender, social & ethnic backgrounds and is cognitive of personal strengths.

The Committee also monitors the development of the executive leadership and management teams below the Board to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience. As a part of this, the Board meets with members of the leadership team and high performing employees to gain an overview of the internal talent pipeline.

The Executive Leadership Team considers the adequacy of the Group's succession plans below the Board and provides updates to the Committee.

During 2020 the Committee noted that one of the non-executive directors, Mary Shafer-Malicki will be expected to step down from the Board in 2021 in line with the Governance Code requirements regarding non-executive director tenure. Accordingly, the Committee considered her succession as a non-executive director.

The Committee engaged recruitment consultants, Russell Reynolds, to identify suitable candidates to succeed Ms Shafer-Malicki, with a focus on US-based and female candidates with international consulting experience. The search process was completed and the Committee reviewed a list of potential candidates and met with a number of them. The Committee noted the appropriate blend of skills and extensive global experience across a range of end markets of Brenda Reichelderfer and of Susan Steele and unanimously recommended to the Board their appointment as non-executive directors. As announced on 11 March 2021, the Board confirmed their appointment with effect from 31 March 2021.

Russell Reynolds assists Wood on recruitment for Board and senior level positions but provides no other services to Wood and we consider it independent of the Company and the Board.

The Committee met in August to discuss inclusion & diversity targets and initiatives, being mindful of its responsibility under the Governance Code and the Hampton-Alexander and Parker reviews as well as the global movements highlighting social inequality. Certain global targets were proposed, namely:

Conscious inclusion training
In 2020 the Board and leadership teams completed conscious inclusion training and a target was set to extend the training to all Wood employees during 2021.

Gender diversity
A target for female representation in senior leadership roles was set to be at least 40% by 2030.

Ethnic diversity
Ethnic reporting will be improved in our major hubs of the UK, Canada, Australia, and USA, where legally possible. Data on ethnicity will be gathered through voluntarily provided data, including as part of employee surveys, and specific ethnic diversity targets will be set.

A proposed inclusion & diversity strategy framework including the development of "bottom up" employee networks and the development of leadership champions, was discussed. The Committee will continue to monitor the implementation of the framework.

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 inclusion and diversity and have been actively involved in establishing targets to increase inclusion and improve gender balance and ethnic diversity across the organisation, as set out on pages 52 to 53.

The Committee remains cognisant of the Governance Code's requirement to pay due regard to the benefits of diversity, including gender, and is mindful of the requirements of the Hampton-Alexander and Parker reviews, 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 52.

During 2019, the number of female members of the Board fell 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, from 1 March 2020 one-third of the Board members were female.

For details of the gender balance of the Board, ELT and leadership teams see page 53.

Wood is committed to remaining an equal opportunities employer.

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

External Board evaluation

During 2019, an independent evaluation of the Board was undertaken by Lintstock, the results of which were reviewed at the March 2020 Board meeting. A number of areas for improvement were recommended, the outcomes of which can be found on page 81.

A further evaluation, which was also facilitated by Lintstock, was conducted during 2020 and reviewed by the Board at its November meeting. The Board's overall performance was rated highly. The top priorities for the Board were identified as:

- Board and senior management succession
- Devoting time to discussion
- Focusing on business performance, including through metrics.

Further details are on page 81.

The Board evaluation was conducted using a detailed online questionnaire completed by each member of the Board.

Lintstock have do not have any other connection with the Company or any individual directors.

Committee evaluation

Lintstock also facilitated evaluations of each of the principal committees, including the Nomination Committee. The performance of the Committee was rated highly overall and would be improved further over the coming year by focusing on succession planning, particularly executive succession, and continuing to focus on diversity.

The results of the evaluation of the Safety, Assurance & Business Ethics Committee, the Audit Committee and the Remuneration Committee are included on pages 88, 95 and 98.

Audit Committee

"Despite a challenging year operationally, the Group effectively maintained a strong internal control environment and continues to standardise and streamline its finance systems and processes."

Adrian Marsh
Chair, Audit Committee

Committee meetings in 2020

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	T	F		V			V			V	

Membership

Adrian Marsh chaired the Audit Committee throughout 2020. Adrian has recent and relevant financial expertise and is currently Group Finance Director of DS Smith PLC.

Jacqui Ferguson and Mary Shafer-Malicki served on the Audit Committee throughout the year. In June 2020, Jeremy Wilson stepped down from the Committee following his resignation as non-executive director. Nigel Mills was appointed to the Committee in August 2020.

As Group Chair, Roy Franklin is not a member of the Audit Committee but attended all meetings in 2020 by invitation, and all other non-executive directors are welcome to attend any meeting. The Chair of the Committee reports to each Board meeting on the activity of the Committee.

The Committee has a written charter which is reviewed 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

F Face to face
T Telephone
V Video conference

The Committee met five times in 2020. In addition to the members of the Committee, the CFO, the Group Financial Controller, the Group Head of Internal Audit & Risk or her delegate and the external auditors attended all Audit Committee meetings. The Group Chair is also 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. In order to emphasise the importance of internal controls to the Group the Committee also invited the leaders of selected businesses who had been subject to internal audits in the year to Committee meetings to discuss the results of their Internal Audit reports. The Chair of the Committee also holds monthly update calls with the Group Head of Internal Audit.

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.

KPMG continued as auditors of the Group, having been in place since 2018 and the Committee spent time with the auditors understanding their audit approach, the challenges of performing their work during the Covid-19 pandemic and the outcomes of their work.

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

February

- Review of the material issues and key areas of accounting and tax judgement impacting the 2019 Group financial statements including the implementation of IFRS 16 'Leases', classification of exceptional items, goodwill impairment reviews, provisions, uncertain tax positions and accounting for significant contracts
- Update on KPMG audit status, independence and preliminary conclusions
- Review of KPMG's Audit Quality processes
- Approval of KPMG's non audit fees
- Review of internal audit reports and status
- Review of distributable reserves

March

- Review and recommendation to the Board of the 2019 Group financial statements and related disclosures including the 'Fair, Balanced & Understandable' review of the annual report
- Review and recommendation to the Board of the going concern and viability statements
- Review of KPMG's 2019 external audit work and audit opinion, including discussion of their key findings and judgmental areas
- Review and approval of the 2019 Audit Committee Corporate Governance Report
- Review of the internal audit annual summary for 2019 and the Internal Financial Controls Assessment
- Preliminary assessment of external audit effectiveness
- Review with the TCS BU CFO and a member of their operational leadership of an unsatisfactory internal audit report and the actions taken as a result
- AFW acquisition synergy and IT security updates

May

- Review of finance and IT business continuity response to Covid-19 including a presentation from the Group Chief Information Officer (CIO) and the ASEAAA BU CFO on the successful transition to home working and the continued operation of shared services
- Review with the ASA BU CFO and one of their operational leadership of an unsatisfactory internal audit report and the actions taken as a result
- Review of internal audit reports and status against the 2020 plan
- Review of KPMG's control observations from their 2019 audit and their preliminary audit plan for 2020
- AFW acquisition synergy and IT security updates

August

- Consideration of the Financial Reporting Council's audit quality report
- Review and recommendation to the Board of the 30 June 2020 Group interim financial statements including key accounting and tax judgements, going concern, goodwill impairment reviews, update on IFRS 16 and exceptional items
- Update on KPMG's 2020 interim financial statements external review findings, review opinion and discussion of their key findings
- Review of Internal Audit's 2019 Themes and Insights report
- Review of internal audit reports and status of 2020 plan
- Reviewed and approved KPMG's 2020 audit plan
- Effectiveness review of internal and external audit
- AFW acquisition synergy and IT security updates

November

- Review of material upcoming year end accounting judgements and issues
- Review with the ASA BU CFO and one of their operational leadership of an unsatisfactory internal audit report and the actions taken as a result
- Update on IT security status and improvement plans from the CIO
- Approval of KPMG's final 2020 external audit plan and audit fees
- Status update on KPMG's pre year end audit work and year end planning
- Review of internal audit reports issued and status against 2020 plan
- Review and approval of 2021 Internal Audit Plan
- Audit Committee evaluation
- Final AFW acquisition synergy update at conclusion of 3-year target

During the year the Committee focused on the following areas:

Financial reporting and significant accounting issues

The Committee focused on the application of our accounting policies and on the areas of judgement and estimation in relation to accounting and tax matters.

The primary areas of judgement and estimation considered by the Committee in relation to the 2020 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, who identified this as an area of focus.

The Committee challenged and was satisfied with the assumptions and the results of the reviews, and with the sensitivities disclosed. The significant assumptions were around short and longer-term growth rates (including the impact of Covid-19 at the half year) 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.

Going concern

At both the half year and the year end, the Committee considered the appropriateness of the going concern basis of preparation and reviewed forecasts prepared by management covering a period of 12 months from the date of signing of the Group Financial Statements. At the half year the Audit Committee considered updated forecasts including the impact of Covid-19. The Committee was very comfortable that the going concern basis remains appropriate.

Audit Committee continued

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

The Committee reviewed and was satisfied with the accounting for significant lump sum projects in progress at the year end and the material judgements taken by management in recognising profit or the quantification of known losses where these are probable.

Review of provisions

The Committee considers the appropriateness, adequacy, and consistency of approach to provisioning at the 30 June and 31 December balance sheet dates. All material provisions, including those made against uninsured legal claims, asbestos litigation and expected credit losses, are discussed and challenged.

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

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.

Where necessary, the Committee considers advice received from professional advisory firms and concluded that the positions taken were appropriate. The Committee also received updates on work undertaken by KPMG in this area.

Review of pensions

The Committee reviews the accounting for the Group's defined benefit obligations under IAS 19 Pensions at the half year and year end. The Committee reviews the results of the actuarial review performed on behalf of management by a leading actuarial firm, with a focus on the key underlying assumptions as set out in note 32 to the financial statements. The Committee also considered the appropriateness of recognition of the pension asset under IAS 19. To help with this assessment, the Committee also received reports from KPMG who use specialist actuaries to review and challenge the assumptions made. The Committee was satisfied with all the assumptions and disclosures made and the results of the reviews.

Reporting measures

The Committee reviewed the interim and year end annual reporting, including the use of alternative performance measures (APMs), such as EBITDA, on behalf of the Board. The Committee was comfortable that APMs add to stakeholders' understanding of our financial performance and do not detract from the fair, balanced and understandable presentation of our results.

Investigations

Governance around the investigations by authorities in connection with historical use of agents and other matters referred to in notes 20 and 33 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.

During late 2019 and early 2020, discussions concerning potential resolutions of the investigations by the US Department of Justice (DoJ), US Securities and Exchange Commission (SEC), the Brazilian authorities and the Crown Office and Procurator Fiscal Service (COPFS) in Scotland had progressed to the point where management believed that it would be 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. During late 2020 and early 2021, discussions concerning the potential resolution of the investigation by the Serious Fraud Office (SFO) had progressed to the point where management believed it would be likely to settle all the relevant matters with the DoJ, SEC, COPFS, SFO and Brazil authorities at an aggregate cost of $197m. The Audit Committee agreed with this assessment and an increase of $151m was reflected in the provision in the 2020 financial statements as described in note 20 Provisions and note 33 Contingent Liabilities. The Committee also agreed that this charge, along with costs of $10.9m incurred in relation to legal and other support costs associated with the ongoing investigations, should be treated as an exceptional item in the 2020 financial statements.

Synergies

Throughout the year the Audit Committee received regular reports on the status of progress against the synergy targets set following the acquisition of AFW in November 2017. This included a final report in November 2020 which showed that at the end of the 3-year post acquisition period the target of annualised cost synergies of over $210m had been achieved.

As well as reviewing the regular periodic reporting of synergies over the last 3 years, the Audit Committee commissioned an Internal Audit report on the synergy reporting process and also engaged KPMG to perform specific agreed-upon procedures and report factual findings to provide additional comfort. Neither of these pieces of work raised any issues considered by the Committee to be significant; the Committee was comfortable with the process followed.

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. The external auditor also provides 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 of focus are smaller businesses which have not yet been integrated to the Group's common ERP system and shared services model and also the controls in place around bidding, estimation and forecasting in certain capital projects in ASA. 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. However, progress elsewhere in 2020 was impacted by Covid-19. As a result of the practical challenges this presented with our teams working remotely, the decision was taken to pause the ERP implementation and there is still work to be done before this will complete for the Group.

The Audit Committee considered the impact of employees working from home in response due to Covid-19 and noted no material impact on the overall effectiveness of internal financial controls, as evidenced by the assurance activities undertaken by Internal Audit.

IT security review

The responsibility for reviewing IT security is delegated to the Audit Committee. During 2020, the Committee received a presentation from the Group Chief Information Officer (CIO) who presented the results of the annual cyber security assessment audit, independently carried out by Ernst & Young. This provided an update to the assessment that was carried out during 2019 and noted that the maturity level had increased against a landscape of increasing cyber risk.

The security implications of increased home working as a result of Covid-19 were discussed at the May meeting and the CIO outlined the additional processes and controls that have been implemented in response.

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 or her delegate 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 2020, EY have continued to be the provider of strategic IT internal audits, under the supervision of the Group Head of Internal Audit & Risk or her delegate. Any other internal audits that require specialist knowledge or language skills outside of the internal audit team's abilities, are outsourced as appropriate.

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 is 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

KPMG are the Group's auditor and were appointed in 2018 after a tender process.

During 2020 the Committee assessed the effectiveness of audit process through consideration of the reporting received from KPMG at the half year and the year end, the robustness of the external auditors' handling of key judgmental areas and the quality of the external auditors' interaction with, and reporting to, the Committee. As a result of the assessment the Committee concluded that the audit process was operating effectively.

The Committee also 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 2020 external audit plan.

During 2019 KPMG's 2018 year-end audit file was selected for a quality review by their external regulator, the Financial Reporting Council (FRC). This was KPMG's first year as Group auditors, having taken over from PwC. The FRC finalised the review and communicated a summary of its results to the Committee in May 2020. The KPMG lead audit partner confirmed that improvements required by the FRC had been discussed with KPMG prior to the conclusion of the 2019 year end audit and were addressed as part of their audit for that year. The Committee also used the review's findings to challenge KPMG's audit plan and ensure that they had incorporated the points raised in their audit process for the 2020 audit. The Committee received assurances that the items identified in the review have now been addressed by KPMG.

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 2020 is KPMG's third year as external auditor, it is also the third 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 2021 audit.

Accordingly, a resolution proposing the appointment of KPMG as the Group's external auditor will be put to shareholders at the 2021 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 2020 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 Committee

"Fair and balanced remuneration aligned with stakeholder interests remains at the heart of the Committee's decision making."

Jacqui Ferguson
Chair, Remuneration Committee

Committee meetings in 2020

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
T	T	F		V			V	V		V	

Remuneration contents

***Audited**
Unless otherwise noted, the remaining sections of the Annual Remuneration Report are not subject to audit.

Membership

During 2020, the Remuneration Committee comprised the following independent non-executive directors; Jacqui Ferguson (Chair), Mary Shafer-Malicki, Nigel Mills and Jeremy Wilson. Jacqui was appointed as Chair of the Remuneration Committee following Jeremy Wilson's retirement as a non-executive director on 29 June 2020; Nigel also joined the Committee from this date. All members of the Committee are considered independent and short biographies can be found on pages 76-77.

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 Directors' 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, and
- Ensures appropriate alignment between incentivised performance and the interests of shareholders.

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

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

F Face to face
T Telephone
V Video conference

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 organisation's short and long-term objectives, and the prevailing company culture. Our shareholding requirements ensure executives remain aligned with the shareholder experience, including post-departure.

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

Simplicity and balance
Our remuneration should effectively support attraction 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, incentivisation and reward of our executive directors and broader leadership team.

Committee meetings in 2020

During 2020, the Committee met seven times to discuss remuneration issues and the operation of the Directors' Remuneration Policy. Additional meetings were held in January, February & September reflecting the enhanced focus in setting our new Remuneration Policy which was approved at the AGM in June and new ELT appointments during the year. 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:

Matters considered	Jan	Feb	Mar	May	Aug	Sep	Nov
Policy application for year ahead: annual salary review & retention – executive directors and Chair of Board, alignment with wider workforce	D				I		I
Policy application for year ahead: ABP & LTIP executive directors; alignment with wider workforce	I	I	D				I
ABP: future year performance measures for all participant plans & personal objectives for executive directors	I	I	D				I
LTIP: future year arrangements, risks, and performance measures for all participant plans & executive directors	I	I	D				I
ABP & LTIP: Review current year performance against targets for executive directors and all participants	I	I	D	I			I
ABP & LTIP: Deferred and/or discretionary awards review and approval			D				
Wider workforce focus - overview for Committee on a range of matters including reporting (pay equity, gender & ethnicity), wellbeing focus, Covid-19 impact, share plans, benefits, incentive plans, annual salary review, reward roadmap, employee engagement, malus & clawback	I	I	I	I	I		I
Annual general meeting preparation				I			
Post annual general meeting review					I		
Annual report (and Policy) review & sign off	I		D		I		I
Stakeholder consultation and engagement requirements	D		D	D			D
Introduction & review of discretionary decision-making matrix				I	I		D
Introduction & review of malus & clawback policy for all participants	D						
Annual salary review & retention – ELT and company secretary			D		I		I
Remuneration review for new ELT appointments; Chief Operating Officer and Executive President, Projects						D	
Advisors external market update & investor guidelines update; review of emerging legislation/best practices/current thinking				I	I		I
Committee charter, objectives & rolling agenda – review of current year and determination of following year							D

D Decision made
I Inform, discuss and planning

Remuneration Committee continued

Workforce engagement & remuneration

The Committee continues to increase its focus on workforce engagement and is committed to ensuring employees' views are considered in any decision-making process. The aim of workforce engagement is to ensure that the workforce is listened to as part of the remuneration process so that remuneration decisions are aligned and underpinned by feedback, supported by data on the composition, remuneration, engagement, retention, and diversity of the workforce.

In 2020, the Committee chaired a Listening Group Network call with employees to gather feedback on their own reward, share how executive remuneration is aligned to wider workforce remuneration and demonstrate how the Committee governs remuneration decisions. The Committee continued to receive regular updates from the President of Reward & Mobility and Executive President of People & Organisation (P&O) throughout the year on wider workforce remuneration matters, ensuring that broader reward practices are understood and aligned when setting executive remuneration; this was particularly critical during 2020 with the unprecedented challenges and decisions which were taken. More information on wider workforce remuneration considered by the Committee can be found from page 101.

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 received £95,749 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). The Committee has reviewed the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent. Deloitte is a member of the Remuneration Consultant Group and adheres to the Group's Code of Conduct. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. As well as advising the Remuneration Committee, Deloitte provided other services in 2020, predominately related to tax compliance and advisory, and immigration advice. Where appropriate, the Committee also receives input from the Chair of the Board, Chief Executive, Chief Financial Officer, Executive President of People & Organisation, and the President of Reward & Mobility, who also acts as Secretary to the Committee. These individuals may attend the Committee but do not take part in discussions regarding their own compensation.

Committee evaluation

As detailed on page 81, Lintstock undertook a review of the Remuneration Committee during the year. The performance of the Remuneration Committee was rated positively overall and will be improved further over the coming year by focusing on changes in the remuneration environment, continuing awareness of competitors' approach to remuneration and continuing to manage and engage with all stakeholders in the context of a changing remuneration landscape. The review concluded that the Committee is appropriately chaired and supported in fulfilling its role.

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 feedback used to inform the Committee's decision-making process. The Committee ensures that appropriate and meaningful shareholder consultation takes place in advance of any material change being proposed to the 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 remuneration report. In addition, the Committee receives input on broader market insights and shareholder expectations through Remuneration Committee advisors.

We have continued to proactively engage with and listen to our shareholders during 2020. Additional communication with shareholders in May 2020 advised of decisions taken, as a result of the stakeholder experience, to apply discretionary reductions to the 2019 bonus achieved and LTIP participation levels for 2020; along with the decision taken by our executive directors to reduce their salaries by 10% from April 2020 for a period of nine months. The Committee is thankful for the time and considerations conveyed by our stakeholders and trusts that the proposed application of the policy detailed in this report demonstrate we have listened and acted following feedback.

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 seeks to understand the reasons for any such vote and will detail here any actions in response to it. In line with the Corporate Governance Code, where there are 20% or more votes against remuneration resolutions, the Committee will support the Board in engaging with shareholders to understand their views regarding remuneration.

The following table sets out the 2020 AGM voting in respect of our remuneration matters. We have engaged with shareholders who did not feel able to support the resolution, and explained the Committee's rationale for their decision, particularly around post-cessation shareholding requirements. The Committee will continue to monitor market practice and keep the existing approach under review.

Item	For [a]	Against	Number of Abstentions [b]
Advisory vote on the 2019 Annual Report on Remuneration	470,073,334 (87.07%)	69,834,493 (12.93%)	181,518
Binding vote on the 2020 Directors' Remuneration Policy	485,497,628 (90.14%)	53,097,415 (9.86%)	1,494,302

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.

Chair's Letter

Dear Shareholder

I am pleased to present, for the first time in my role as Remuneration Committee Chair, and on behalf of the Board, the annual report on remuneration for the year ending 31 December 2020. I was honoured to be appointed to the role of Chair from June 2020, replacing Jeremy Wilson who retired from the Board of Directors. In May 2020, we were delighted to welcome Nigel Mills as a Committee member, in addition to his duties as Senior Independent Director. The purpose of this report is to set out the remuneration of the executive directors, demonstrating how their pay aligns with the remuneration arrangements for the wider workforce, company culture and shareholder value creation through the delivery of the short and long-term strategic objectives of the Company. Last year we reviewed and updated our policy to ensure ongoing alignment to Wood's ambitions and were pleased to receive 90.1% votes in favour. The Committee is not proposing any material changes to the operation of the Policy in 2021 being satisfied with the changes made in 2020, however we are proposing to introduce an Environmental, Social and Governance (ESG) framework as performance measures for both the annual and long term incentive plans.

Response to Covid-19

This was a particularly challenging year, given both the impact of the Covid-19 pandemic and the volatility in oil prices. These events presented unprecedented challenges for our business. However, the Committee is proud of how the Company responded to these challenges. Our values of care, courage and commitment across Team Wood were at the heart of our response. Not only did our teams display unified effort in taking short-term action to protect the Company through a number of measures, but they also saw the opportunity to accelerate initiatives to set Wood up for future success. More information on our response to the pandemic can be found on page 101. Both Robin and David, and the wider leadership team, continued to show strength, resilience, courage, and care, as they kept their focus on setting us up for long-term growth and value, while leading through the crisis, supporting both our people and the Company's wellbeing.

We closely monitored developments in the external remuneration landscape as businesses responded to the global pandemic. Our key priority is to consistently balance fairly rewarding management for their performance, while remaining aligned with shareholder and wider stakeholder experience. This challenge was brought into sharper focus during the year. In order to protect the business and ensure long-term sustainability, our executive directors, members of the Board, Executive Leadership Team, senior management and around 3,300 employees globally voluntarily accepted a 10% salary reduction, implemented from 1 April 2020 for a period of nine months. Salaries have been re-instated to previous levels with effect from 1 January 2021, and reductions are reflected in the single remuneration figure on page 106.

As detailed in last year's report, during 2020, we also implemented a new malus and clawback policy, and spent time reviewing our governance frameworks to ensure we avoid rewarding poor performance. A key outcome has been the introduction of a discretionary matrix outlined in detail in the report to aid decision making for all aspects of remuneration, which can be found on page 104.

Alignment with the wider workforce

During the year we increased the Committee's involvement in wider workforce remuneration matters, supported by the internal reward team, and have disclosed information around this outreach within this report. We are committed to increasing transparency, ensuring fair reward for all employees, listening to feedback, and ensuring alignment of executive directors' remuneration to that of the wider workforce – see page 103 for more details. Workforce engagement will continue to evolve during 2021 and we look forward to the benefits this will bring.

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 its application continues to be aligned with shareholder views, with feedback used to inform the Committee's decision-making process. We have continued to proactively engage with and listen to our shareholders during 2020 and are thankful for the time and considerations conveyed; we have endeavoured to ensure views are understood and listened to. Additional communication with shareholders in May 2020 advised of decisions taken, as a result of stakeholder experience, to apply discretionary reductions to the 2019 bonus achieved and LTIP participation levels for 2020; along with the decision taken by our executive directors to reduce their salaries by 10% from April 2020 for a period of nine months.

Remuneration and performance outcomes for 2020

Annual Bonus Plan

Management have demonstrated exceptional efforts throughout the year, and the Committee is challenged with how to fairly reward this achievement while recognising that business performance, although resilient, has been impacted by the market conditions. Having carefully considered the experience of all stakeholders, supported by the new discretionary matrix, the Committee has decided to reduce the formulaic bonus outcomes for 2020, resulting in no bonus payments being made. Whilst management have made significant progress against personal and team objectives (see page 108) and on the whole have performed well during extremely difficult times, and positioned Wood for future growth, we and management believe zero payment is an appropriate response given Wood's financial performance, suspension of the dividend, the use of government support schemes and the overall business context.

Chair's Letter continued

Long Term Incentive Plan (LTIP)

Performance measures for LTIP performance period 2018 – 2020 were relative Total Shareholder Return (TSR), against a select group of peer companies, at a 50% weighting, and a strategic measure, also with 50% weighting. The strategic measure was to achieve the three-year cost synergy target of $170m, with threshold at $160m and maximum performance being achieved at $200m. These targets were disclosed to shareholders at the time of grant. Following an independent review, cost synergies of $231m were realised over the three-year period, resulting in the maximum achievement for this measure. This outcome reflects significant performance delivery in relation to the published synergy targets from management, despite very challenging conditions, in focussing on cost reduction since the formation of Wood. TSR performance was below 50th percentile, resulting in zero award for this measure. 50% of the total award will vest in March 2023 following the end of the additional two-year holding period. In considering this outcome, the Committee reviewed the wider stakeholder experience, which is detailed in the report, including the value from the time of grant to realisation of the award being directly aligned to the movements in the share price over that period. We believe the exceptional performance from the executive directors and their management team in achieving these results during this challenging time not only ensured the resilience of the business in light of the prevailing market conditions but has also positioned Wood well for future success.

Proposed policy application for 2021

Full details of our proposed implementation of the Directors' Remuneration Policy for 2021 can be found on page 118-119. We do not propose any increase to base salary, in line with the majority of the wider workforce; in addition, there will be no change to benefits provided since our last report. As disclosed in our previous annual report and policy, executive directors' pension contributions will align to those of the wider workforce from 1 January 2022 in their country of employment, currently 9% in the United Kingdom.

Following review, as detailed in last year's report, we propose to introduce an ESG (environmental, social and governance) framework in our variable reward plans for 2021, with 10% allocated against both the annual bonus plan and LTIP. We believe our variable reward measures are aligned to our strategy, supporting the transition away from our oilfield services heritage to a more enduring market position in energy transition and sustainable infrastructure, and will deliver our longer-term sustainability goals.

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 provided on page 119. The other performance measures will be a measure of profit at 30%; cash generation at 30%; and an ESG framework, including key safety metrics and diversity/inclusion metrics at 10%.

Long Term Incentive Plan

The participation level for the Chief Executive will remain at 200% of salary and 175% of salary for the CFO. As in previous years, and detailed in the Policy, no portion of these awards is released until five years from grant, in line with our focus on creating value for shareholders over the long-term. Having considered previous performance measures, we are proposing to change these in 2021 to be more simple, transparent, and aligned to stakeholders, with regular external reporting demonstrating improvement. The measures are proposed to be relative TSR, EBITDA margin percentage improvement, revenue growth and an ESG framework, weighted 50%, 30%, 10% and 10% respectively. We have proposed 30% on EBITDA margin percentage improvement and 10% on revenue to ensure good quality growth. These measures are key strategic priorities aligned with value generation for our shareholders, incentivise business growth through higher margin services, and support our sustainability plan. Full details, along with the threshold and maximum targets, can be found on page 118.

As always, 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 all stakeholder experiences. The Committee will continue to ensure we find the appropriate balance for our Company and look forward to your support on the relevant resolutions at the AGM.

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

Jacqueline Ferguson

Jacqui Ferguson
Chair, Remuneration Committee

Workforce reward

Around 40,000 inquisitive minds, on a quest to unlock solutions to the world's most critical challenges, our people are what enable us to achieve our purpose, they are our most important asset. We are committed to providing fair reward for our people in return for the work they do, whilst ensuring that we are responsible with our spend on reward. Our priority is to ensure our people feel secure, are rewarded competitively, and treated fairly and inclusively.

Covid-19 and oil price reduction response

Like many companies, Wood was affected by the unprecedented event of Covid-19, compounded by volatility in oil prices. We announced during the year a series of actions with an immediate focus on keeping our people, and the communities in which we serve, safe and healthy, whilst protecting our business and stakeholders by reducing cost, protecting margin and cashflow and ensuring continued balance sheet strength. As part of our response, we were able to ensure that we protected key benefits including retirement plans, life assurance and long-term disability insurance, where applicable, to the pre-salary reduction values, (as detailed below) for all our employees; this protection also applied to anyone who was furloughed in the UK.

Although there were a number of difficult decisions taken during the year, we were able to accelerate our wellbeing strategy. We were able to focus our efforts on enhanced engagement and support the implementation of our new global remote and flexible working policy, enabling greater work life balance for our diverse workforce.

More information on these activities can be found on pages 48-53

The Board, executive directors, senior leaders and around 3,300 employees elected to take on average, a voluntary 10% reduction in base salary for nine months from April 2020. We engaged with each employee individually to ask them to consider a voluntary reduction to their salary; the response demonstrated the strength of commitment of our colleagues with support received from 98.5% of those involved. Salaries have been re-instated to previous levels with effect from 1 January 2021 for those employees affected. Other difficult measures taken during the year included a substantial number of redundancies, the use of furlough programmes and reduced working hours. Wherever possible we have sought to retain skills and experience in our business and protect as many jobs as possible.

Sharing success

We are committed to ensuring that our people benefit from the collective success of Team Wood and are rewarded for their commitment to delivering our vision, values, and purpose. In 2020, we continued our offering of our Employee Share Plan (ESP) which offers employees the chance to own a stake in the future of Wood, along with the ability to benefit from matching shares and dividends.

In addition to the ESP, a new Share Incentive Plan (SIP) for our UK workforce, which was approved by the Board in November 2020, will be launched in 2021. The introduction of this plan offers lower minimum contributions, making the plan more widely accessible to all workers, as well as enabling cost efficiency for the organisation. We will assess the impact of the new plan in 2021.

In 2021 we will also introduce a global spot bonus policy allowing individuals or teams to be rewarded financially for outstanding contributions to Wood, sharing in collective success. We celebrate wider achievements across the company in many ways, with more details in our people section on page 51.

Summary of 2020 ESP enrolment:

35,281
eligible employees

17
countries

9
languages of inclusive communications and materials

2,828
enrolled (8% of total eligible)

Workforce reward continued

Employee involvement

With an increased focus on modernising our business and as part of our reward roadmap launched internally in 2020, we continue to direct our efforts for the year ahead on increasing engagement and employee voice to ensure decisions are people led and that we keep our people informed. For the first time in November the Remuneration Committee chaired our Listening Group Network call focused on reward, including an overview of executive pay alongside the launch of our reward roadmap to our people. In addition to this, we engage with our people through our employee engagement survey, local reward surveys, employee networks and committee led engagement activity.

Our employees told us they want:	How we have responded:
More transparency on pay	Launched our reward roadmap outlining key steps our transparency journey with enhanced focus on building procedural understanding, visibility, and manager confidence.
Open conversation about pay with line manager	Launched our learning hub of people resources with reward focused modules. In 2021, we will be focusing on increasing the number of line manager training sessions to improve confidence and enhance knowledge
To understand career paths and link to pay	Continuing with visibility of career paths by completing our technical and functional global job frameworks. Continued focus on application of our job and reward frameworks and mapping individual positions.
To know how Wood ensures reward is fair	Implemented standardised variable remuneration frameworks, core benefits offering and global processes and procedures. Further education will take place in 2021.
Demonstrate pay equity in other countries, not just those where legislation mandates	In 2021 we will establish data analytics frameworks to measure success and introduce internal pay equity reporting, linked with our Inclusion & Diversity (I&D) agenda, and supported by the further roll out of Oracle People.
More team and individual short-term incentives	Launch of our global spot bonus policy which we will continue to review in 2021.
Flexible working	Launch of our global flexible working policy.
Local benefits design and externally competitive	We continued to enhance our voluntary benefit offering in the countries which we operate, based on feedback from our people. Through robust external analysis and benchmarking we will continue to introduce salary bands in more countries in 2021.

Employee reward focus groups

In 2021, we will establish employee reward focus groups with a view to educating, engaging, and inspiring our people through two-way engagement on reward matters. Through these forums we will listen to our workforce to understand what fair reward means to them, and how we can become meaningfully transparent with reward.

Alignment to the workforce

The Directors' Remuneration Policy was approved by shareholders at the 2020 AGM in June and took effect from that date. The objective of the Policy is to set all components of remuneration, maximum awards, and performance measurement, which provide a compensation package promoting the long-term success of the business and delivery of the strategy. The Policy with updated scenario charts can be found at **woodplc.com/rempolicy**

This table provides a summary of executive directors' remuneration outlined in our Policy and alignment to the wider workforce.

Element & purpose executive director remuneration	Alignment with workforce
Salary To provide an appropriate level of fixed salary to attract and retain executives with the qualities, skills and experience required to deliver our strategic objectives.	The process of setting and annually reviewing salaries against market information, mindful of individual contribution, is the same for all employees including executive directors. Salaries are paid either cumulatively by hours worked or on a fixed installment basis.
Benefits To provide fair and market competitive benefits which support the health and wellbeing of our executives to perform at their best.	All employees are provided with benefits typical of the markets in which they are employed. In the UK, this includes private medical insurance, income protection insurance (where applicable), transportation allowance (based on job level) and life assurance. Where applicable, employees are offered the ability to choose additional benefits to suit their lifestyle and circumstances.
Retirement related benefits To support the long-term financial wellbeing and future stability of our executives in return for their commitment to delivering our strategic objectives.	Employees receive retirement plan contributions typical of the markets in which they are employed. In the UK, this is currently a maximum of 9% employer contribution. Current executive directors receive 15% pension contributions; as previously reported this will be aligned to the UK workforce from 1 January 2022. Any new executive directors will align with provisions in place for employees in the country which they are employed.
Annual Bonus Plan (ABP) To incentivise executives to deliver strategic business priorities for the financial year with compulsory deferred payment designed to provide additional alignment with stakeholders and reinforce retention.	Provides a reward for senior employees critical to future success and who are in a position that can materially influence the success of Wood. Participation levels are based on the job which an individual carries out linked to a global framework. ABP is based on the same structure and performance targets throughout the organisation, except for further team and personal targets where appropriate. Executive directors and the ELT receive 75% of any award earned in cash, with the remainder deferred into stock for a further two years. Other participants, with a small number of senior leadership exceptions, are paid fully in cash. ABP participation typically applies to circa 3.5% of the global employee population.
Long Term Plan (LTP) To reward and retain executives while aligning their interests with those of stakeholders by incentivising performance over the longer-term. Performance measures are linked to longer-term creation of shareholder value.	Designed to incentivise senior leaders in delivering business performance over the longer-term. The plan provides an opportunity to earn an award, in the form of conditional shares, subject to remaining in employment on the same basis as our executive directors. Measures are consistent and linked to long-term creation of shareholder value for all participants. Participation levels are based on the job which an individual carries out, linked to a global framework. The number of people enrolled in 2020 was 373, representing 0.86% of the global employee population.
Employee Share Plans To give our people the opportunity to benefit from the success to which their performance and commitment contributes.	Open to all eligible employees across the organisation. Employees may choose to contribute up to 10% of gross salary subject to plan rules, or such lower amount as the Committee may determine, which is deducted in regular pay periods from the salary. Depending on country eligibility, employees may join the Employee Share Plan (ESP) or Share Incentive Plan (SIP).
Shareholding requirements To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	*Policy applies to executive directors only.* Other senior employees hold shares as part of deferral and retention requirements of variable remuneration plans. Directors are required to hold shares post-employment. Post-employment shareholding does not apply to any other employees.

Discretionary matrix

The Committee exercises discretion when determining the outcomes of short and long-term variable reward in addition to the formulaic outcomes considering any year-on-year changes, 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.

The summarised discretionary decision matrix acts as a framework for the Committee to consider other factors which drive the overall performance of the business and the impact across stakeholders, ensuring that we avoid reward for failure in our variable reward outcomes.

This framework can be found at:
woodplc.com/discretionarymatrix

What is the formulaic outcome, following consideration of any underpinning performance metrics?

How does the outcome compare with stakeholder experience?

Shareholders | Wider workforce | Clients | Suppliers

How does the outcome compare with wider Company performance?
How has the outcome enabled delivery of the strategy?

Financial | Strategic | Inclusion & diversity | ESG

Consider input from other Committees
Legal, Internal Audit & Risk and P&O

Consider positive & negative external factors, including competitive landscape

Are there any other events that should be factored in?
e.g. change in accounting standards

Consider rolling cycle of performance, both long and short-term, including vs peer group

Consider historical application of discretion

Consider stakeholder response to results

Is the outcome fair & reasonable, or should an adjustment be considered?

Determine additional engagement & disclosure required for stakeholders

Remuneration Policy

The Remuneration Policy was reviewed and approved by shareholders at the 2020 AGM and took effect from that date. Extensive shareholder consultation was undertaken by the Committee to ensure views were understood and listened to, including face-to-face meetings in summer 2019. The output of these meetings influenced the Committee's decisions, leading to a Policy which was overwhelmingly supported at the AGM. The objective of the Remuneration Policy is to set all components of remuneration, maximum awards, and performance measurement, which provide a compensation package promoting the long-term success of the Company 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 shareholders. The Committee will put a revised policy to shareholders again no later than the AGM in 2023.

The Directors' Remuneration Policy with updated scenario charts with our proposed application for 2021 can be found at: **woodplc.com/rempolicy**

In reviewing the application of the Remuneration Policy, the Committee ensures the following areas, as outlined in Section 40 of the UK Corporate Governance Code, have been fully considered and addressed 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 and clawback provisions safeguard the Company against future risk in relation to our long and short-term incentive plans which applies to awards from 2020.

Executive directors' remuneration

Single figure of remuneration*

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

	Year	Salary [a]	Benefits [b]	Bonus	Long term incentive [c]	Pension related benefits [d]	Total	Total fixed remuneration	Total variable remuneration
Robin Watson	**2020**	**£728**	**£14**	**£0**	**£354**	**£118**	**£1,214**	**£860**	**£354**
Robin Watson	2019	£750	£14	£814	£0	£112	£1,690	£876	£814
David Kemp	**2020**	**£461**	**£14**	**£0**	**£202**	**£75**	**£752**	**£550**	**£202**
David Kemp	2019	£475	£14	£442	£0	£71	£1,002	£532	£442

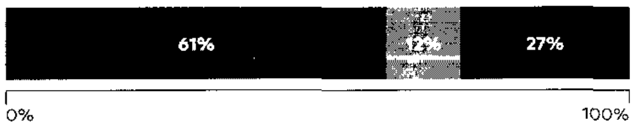
Notes to the single figure of remuneration

a. Salary received during the year, includes voluntary pay reduction of 10% from 1st April 2020 to 31st December 2020.
b. Taxable benefits received during the year. These include transportation allowance and private medical cover.
c. No element of the value is shown from share price growth. The share price used to calculate the LTIP value is £3.102, the closing mid-market share price on 31 December 2020.
d. Pension figure reflects cash value of defined contribution pension contribution or cash alternative, as detailed in the next section.

Bonus and long term incentive outcomes are described in the following sections.
The aggregate amount of executive directors' remuneration (salary, benefits including cash pension allowances plus bonus) is £1,965,204.
The aggregate amount of Company contributions to executive directors' pension schemes is £39,987.

Robin Watson

David Kemp



● Salary ● Benefits & Pension ● Bonus ● Long term incentives

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. Robin Watson split his pension benefits with 66% as cash allowance and the remainder as defined pension contributions; David Kemp chose to receive his full pension entitlement as a cash allowance. As already detailed in the last two annual reports, from January 2022, pension entitlements for the existing directors will align to that of the wider workforce, which is currently 9% in the UK.

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 2020, 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 two measures – a measure of profit and a measure of cash generation - equally weighted at 30% as illustrated in the chart below:

Relative weighting (% of bonus maximum opportunity)

Overview of performance
2020 was a very challenging year - for our people, our clients, our suppliers, our shareholders, and other stakeholders. The Board took the difficult decision not to pay a dividend; our executive directors, leadership teams and approximately 3,300 of our employees agreed to take a voluntary salary reduction for nine months; we sadly had to make a substantial number of redundancies and utilise government furlough schemes; two of our colleagues tragically lost their lives; and we did not realise our financial targets. However, client satisfaction remains high; we have supported our people and the communities in which we work with many wellbeing initiatives; our broader safety performance was good; we delivered cost synergies in excess of the target set at the time of the AFW transaction; we published ambitious environmental, social and governance targets; and have delivered clear tactical plans to deliver our enhanced organisation structure.

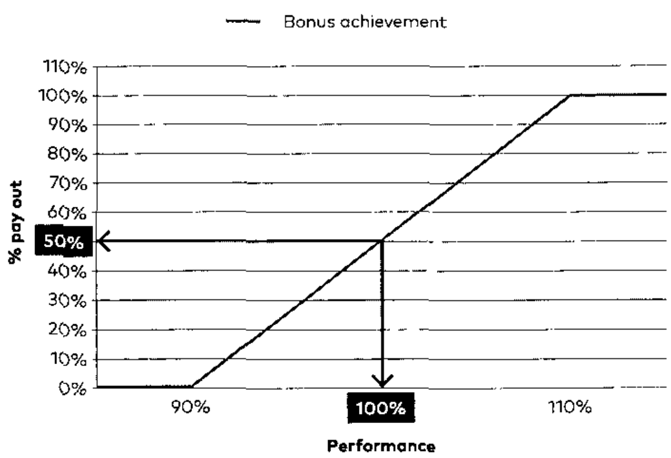
Having considered all factors, the executive directors communicated to the Committee that they felt it would be inappropriate for any bonus to be paid. The Committee believe that management on the whole performed well during extremely difficult times and have taken steps to position Wood for future growth. However, taking everything into consideration and using the discretionary matrix for guidance (see page 104), and considering provisions in the malus policy, they are supportive of management's proposals and as a result zero bonus will be paid for 2020 performance. Details of outcomes against each measure are described below.

Financial measures and outcomes
Financial measures for the bonus year ended 31 December 2020 consisted of:

- Profit target – we used EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) as our metric of success
- A cash generation target – this was based on pre-tax cash from operations before exceptional items

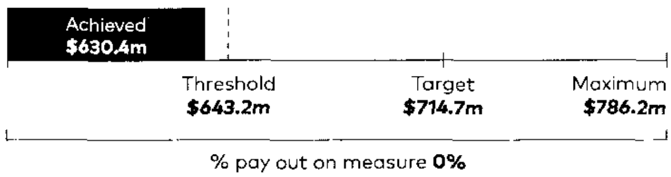
Threshold performance was 90% of the target set, and maximum bonus is achieved when results exceed 110% of target. Threshold performance must be met before any award is paid for each element; if target performance is met, 50% of the potential bonus opportunity is paid; 100% is payable for reaching maximum performance. Performance between threshold and target and between target and maximum will result in a proportionate award calculated on a straight-line basis as illustrated in the following graph:

Financial performance and bonus achievement

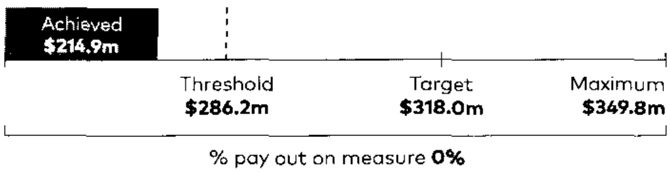


A summary of the financial targets and achievements are set out below:

Profit (EBITDA)



Cash generation



Note: Illustrations not to scale

HSSEA measures and outcomes
Safety and assurance remain our top priority and underpins the sustainability of our business. HSSEA measures accounted for a total 10% of the maximum bonus opportunity and related directly to three Key Performance Indicators, equally weighted. Performance achievement is considered and approved by the Safety, Assurance and Business Ethics Committee (SABE).

Measure	Target & payment	Achieved
Total Recordable Incident Rate (TRIR - the total of lost work cases, restricted work case and medical treatment cases per 200,000 work hours).	Improve by 10% Performance between 0% and 10% results in a proportionate payment.	6% improvement
Close out of assurance actions	Overdue assurance actions less than, or equal to, one month If this KPI is achieved, 3.33% will be paid; if it is not, no payment will be made.	Measure fully met
Leadership engagement sessions	Meet or exceed number of sessions set for year If this KPI is achieved, 3.33% will be paid; if it is not, no payment will be made.	Measure fully met

Despite the achievements above, due to the tragic two fatalities during the year management proposed that this element of the bonus be waived. The Committee supported this decision as part of its overall discretionary approach.

Notes
TRIR metric was previously disclosed as Total Recordable Case Frequency (TRCF), although renamed the definition remains the same.

Executive directors' remuneration continued

Corporate / personal objectives and outcomes

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. Achievements against each objective are described in the table below, demonstrating strong leadership and performance in many areas.

Corporate performance objective	Achievements
Deleveraging and synergy delivery: Take Company within the 0.5 – 1.5 (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.	*Net debt to EBITDA 2.1 at 31 Dec 2020; driven by the reduction in* earnings due to Covid-19 and oil price volatility. The AFW Transaction cost synergies in excess of $210m were delivered over the 3-year period and were further supplemented by significant cost reductions made within 2020, specifically in reaction to Covid-19.
Executive Leadership Team 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.	Continued investment in ELT team development to accelerate team *dynamic and optimise performance resulted in even stronger team* effectiveness with higher benchmarks set.

Individual performance objectives

Executive Director	***Objective***	***Achievement***
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.	The diversified positioning of the group over the past 4 years culminated in providing resilience in the Group's financial performance being less affected in 2020 than oilfield services peers. Further delivery of clear tactical plans to deliver our enhanced organisation structure. Despite a challenging year, a healthy sales pipeline has been enabled through the diversified positioning of the Company, good win rates and many good enduring client relationships.
	Delivery 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 deliver organisational change programme and succession plans.	*We entered 2020 with a very clear focus on margin improvement and took further* actions to reduce costs as market conditions deteriorated. This culminated in the delivery of c.$230M of savings within 2020. We continued to rationalise our portfolio, with proceeds of $455m, via the successful divestments of non-core businesses: nuclear, industrial services and YKK businesses, and our interest in TCT successfully completed. In the fourth quarter, we took steps to enhance the future resilience of the Company *in the reorganisation of Wood into three global business units effective from* 1 January 2021 (Operations, Projects, and Consulting), complete with a new Chief Operating Officer role, to deliver executional excellence across our projects and drive operational standardisation.
	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).	Significant progress made in 2020 on implementing ESG programme including: Establishing the Company's first ever target to reduce carbon emissions and in doing so, minimise our climate impact. We broadened the range of our "Building Responsibly" programme (Wood is a *founding member - working together with leading engineering and construction* companies to promote the rights and welfare of workers across the industry). More details can be found in the people pages of the annual report. We have also put in place an ambitious CSR programme developed to deliver over next 10 years and a comprehensive new sustainable strategy embedded across business. I&D targets agreed and will feature in variable reward plans in 2021.
	Active safety and ethics leadership: Continue to stimulate a programme *of active leadership and delivery in* the safety, case management and ethics arena.	Whilst we continued to invest heavily – and make very good progress - in our efforts to minimise risk, continually improve our global safety performance and deliver *against our ambitious ethics and compliance programme, the tragic loss of life of* two colleagues has been a very low point during the year. *We implemented focus and support to effect immediate appropriate change and* have an enduring focus on those parts of our business where the safety culture needs to mature and improve. There was enhanced and specific focus on risk management during year, considering the additional challenges due to the pandemic. Demonstrated leadership in SABE Committee and Investigations Oversight Committee, ensuring effective oversight and management of investigations. *Regulatory investigations progressing.*

Individual performance objectives

Executive Director	Objective	Achievement
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 (RCF).	*Disposals of nuclear, industrial services and YKK businesses, and our interest in TCT* successfully completed. Refinancing strategy developed and agreed by Board. Active leadership to secure long-term funding and successfully extended our RCF at competitive market rates, reflecting the strong support of our relationship banks. In addition, the facility will step down from \$1.75bn to \$1.5bn in May 2022 reflecting Wood's lower debt requirement due to its considerable financial headroom and liquidity.
	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.	*Enhanced ESG investor plan implemented including engagement with ratings* agencies, brokers, and investment banks. Despite a challenging year, the investment case was well received and the ESG programme strongly positioned, supported by development of new ESG website. Greater focus on energy transition activities with successful positioning at investor conferences and salesforce meetings. This focus will continue into 2021.
	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.	Strong delivery and governance of margin improvement plan with rapid intervention, cash, and earnings focus. Thoughtful, focused, and deliberate leadership in delivery against the trading challenges facing the business. More than 10% savings across central F&A delivered.
	Regulatory investigations: Through governance structure, *provide leadership to SFO, DOJ, SEC* and COPFS Investigations.	Demonstrated leadership in Investigations Oversight Committee, ensuring effective oversight and management of investigations. Regulatory investigations progressing.

Executive directors' remuneration continued

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 2018-2020, which ended on 31 December 2020. Maximum awards and LTIP measures under the performance period were as per the table below:

		Performance measures split	
Name	Participation level	TSR	Strategic measure: Synergy target
Robin Watson	200%	50%	50%
David Kemp	175%	50%	50%

For each performance measure, upon reaching the threshold, 25% of the relevant measure becomes 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. No award is made for less than threshold performance. The targets for LTIP 2018-2020, and the extent to which they were achieved, are set out in the table below.

Financial measures	Threshold	Maximum	Achieved	Award %
TSR	50th *percentile*	75th *percentile*	37.5th *percentile*	0%
Synergy target	$160m	$200m	$231m	50%

Total Shareholder Return (TSR) is a measure of the growth in John Wood Group PLC (JWG) share price plus dividends and other shareholder returns over the period; performance is measured relative to a peer group of comparative companies. Each company is ranked and JWG's position in this group used to measure success. The TSR peer group for 2018 – 2020 LTIP performance period comprised the following companies – Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip FMC, Tetra Tech, The Weir Group, Worley Parsons and WSP.

The Committee applies the following approach when the TSR peer group is impacted by acquisition or other corporate activities during the performance period: if a company has been in the peer group for more than half the performance period then this company will be retained in the peer group, adjusting to the end of the period for the movement in the acquiror's share price. If a company has not been in for half of the performance period, then it will be removed and not replaced.

Assessment of formulaic outcomes
Wood did not achieve the threshold for TSR, so zero award is due on this measure. The strategic measure was to achieve the three-year synergy target. The team made a huge effort to achieve this target in difficult circumstances and achievement at maximum was realised. This target was disclosed externally and has been exceeded due to significant performance delivery from management despite very challenging conditions. As well as reviewing the regular periodic reporting of synergies over the last three years, the Audit Committee commissioned an Internal Audit report on the synergy reporting process and also engaged KPMG to perform specific agreed-upon procedures and report factual findings to provide additional comfort. Neither of these pieces of work raised any issues considered by the Committee to be significant; the Committee was comfortable with the process followed.

The Committee considered this performance, against the shareholder and wider workforce experience, and retention risk across all plan participants. The absolute value delivered to executive directors as a result of this performance is reduced to reflect that more than 53% of value has been lost since the date of the grant, (with the opening share price being £6.671 and the closing mid-market share price on 31 December 2020, £3.102), demonstrating clear alignment to shareholder experience. During the same time period, employees have experienced improvements in terms, conditions, benefits, and policies, with over 87% of countries now harmonised; implementation of flexible working policies and enhancements to family leave for many; reduced or maintained costs for insured medical plans; reduced or maintained costs for retirement plans; and financial gain for those participating in the employee share plan.

This level of vesting applies to 449 employees who participated in the 2018 - 2020 LTIP, reflecting the contribution of the wider leadership team towards the achievement of these synergy targets.

Retention remains a significant concern for the executive directors, members of the ELT, leadership, and critical talent. The Committee is also aware that recent low LTIP vesting levels, despite parts of our business performing well in extremely challenging markets, mean that many of our key people have limited shares that they would forfeit if they left employment resulting in a higher retention risk.

Taking all these factors into account, supported by the process using the discretionary matrix and considering provisions in the malus policy, the Committee believes the LTIP award of 50% of maximum is appropriate.

Share based 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 2020 - 2022. 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. These awards will continue to be monitored for windfall gains and the Committee has the ability to apply discretion as appropriate, informed by the discretionary matrix.

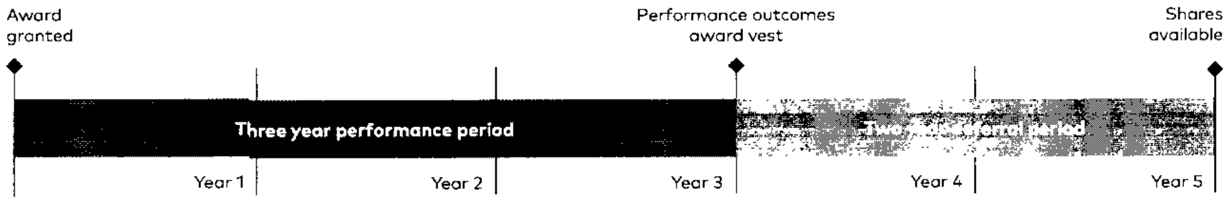
Executive director	Type of award	Participation level	Salary relevant to performance cycle	Face value of award (a)	Percentage vesting at threshold	Performance period	Holding period for 100% of award	Targets
Robin Watson	Conditional award of shares awarded under the LTP	170%	£787,200	£1,338,240	25%	1 Jan 2020 – 31 Dec 2022	Two years from vesting	TSR threshold is set at 50th percentile with maximum at 75th percentile; the gross margin improvement threshold is to achieve 9.0% growth from 2019-2022, *maximum is set at* 19.0% growth; overhead percentage improvement threshold is to achieve 10.3% at threshold and 9.8% at maximum. For all measures, 25% becomes payable on reaching threshold; 100% becomes payable on reaching maximum
David Kemp		149%	£498,560	£742,854				

Notes

a. The awards above were granted as conditional share awards based on base salary x participation level, calculated using the 20 days trading average of £3.64335 as at 1 January 2020.

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

LTIP timeline



Payments to past directors*

There were no payments made to past directors which require disclosure during the year.

Payments for loss of office*

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

Executive directors' remuneration continued

Statement of directors' shareholding and share interests*

Shareholding

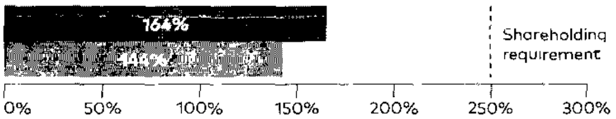
The revised Remuneration Policy approved at our 2020 AGM requires the Chief Executive to hold shares valued at 250% of base salary (previously 200%) and the other executive directors to hold shares valued at 200% of base salary (previously 100%).

The extent to which each director met the shareholding guidelines as at 31 December 2020 is shown in the chart and tables below. The holding does not include shares held by connected persons. As stated in our 2019 report we committed to enhancing clarity of shareholding, now shown as two separate calculations:

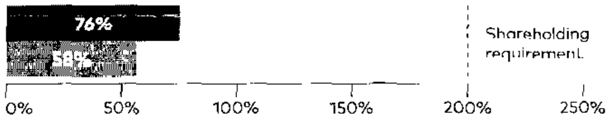
- Calculation 1: Shareholding and shares not subject to any further performance conditions but may be subject to other conditions such as continued employment
- Calculation 2: Shareholding not subject to any further performance or other conditions

Shareholding at 31 December 2020

Robin Watson



David Kemp



Calculation 1 Calculation 2

Changes in the shareholding of executive directors between 31 December 2020 and 15 March 2021 are related to permitted purchases under the Wood employee share plans. Robin Watson and David Kemp acquired an additional 4,194 and 2,656 shares respectively during this period.

Although neither executive director has reached their required shareholding, this reflects that the LTIP has paid out zero for the last two years and only to a minimal degree in previous years, compacted by the fall in share price during the last year.

Both executive directors continued to purchase 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 2020 Robin Watson had invested more than £211,220, with a further £13,120 committed until the end of this ESP period; and David Kemp more than £126,570, with a further £8,300 committed. In order to increase our executive directors alignment with shareholder interests and accelerate reaching shareholding requirements, Robin 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.

For details on post cessation shareholding requirements please refer to page 113.

Notes to shareholding guidelines achievement

Shareholding is calculated using the closing mid-market share price on 31 December 2020 of £3.102 and base salary levels at the same date.

For the purposes of calculation 2, a 50% reduction has been applied (on the assumption of a "sell to cover" at point of exercise) to account for any tax liabilities on awards.

Share interests

A summary of executive directors' share interests and incentive plan interests are provided in the following two tables. The first table details executive directors' interests in the ordinary shares of the Company at 31 December 2020 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 executive directors' interests in long term share incentive plans at 31 December 2020.

Beneficial interest	Shares owned outright as at 1 January 2020	Shares owned outright as at 31 December 2020	Interests in share incentive plans, awarded without performance conditions or deferral at 31 December 2020	Interests in share incentive plans, awarded subject to performance conditions at 31 December 2020
Robin Watson	320,061	371,126	102,760	837,786
David Kemp	61,499	93,178	56,542	468,025

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 executive directors in the shares of the Company remain as stated. Where applicable the figures include interest in retained long term plan awards.

Details of executive directors' interests in long term incentive and bonus plans at 31 December 2020; all interests are awarded as share options or conditional share awards:

	Date of award/ performance period	Performance conditions	Earliest exercise date	Exercise price per share	Market value at date of exercise per share	Number as at 1 Jan 2020	Granted in 2020	Exercised in 2020	Lapsed in 2020	Dividends awarded as additional share options	Number as at 31 December 2020
Robin Watson											
LTP	2015 - 2017	N	March 2018	0	£2.16	2,857	–	3,150	–	293	–
LTP	2016 - 2018	N	March 2019	0	–	–	–	–	–	–	–
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
LTP	2020 - 2022	Y	March 2025	0	–	–	367,310	–	–	–	367,310
ABP 2017	01 March 2018	N	March 2020	0	£2.16	23,356	–	25,757	–	2,401	–
ABP 2018	01 March 2019	N	March 2021	0		46,922	–	–	–	–	46,922
ABP 2019	01 March 2020	N	March 2022	0	–	–	55,838	–	–	–	55,838
					Total	**684,134**	**423,148**	**28,907**	**140,523**	**2,694**	**940,546**
David Kemp											
LTP	2015 - 2017	N	March 2018	0	£3.13	1,779	–	1,962	–	183	–
LTP	2016 - 2018	N	March 2019	0	–	–	–	–	–	–	–
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
LTP	2020 - 2022	Y	March 2025	0	–	–	203,893	–	–	–	203,893
ABP 2017	01 March 2018	N	March 2020	0	£3.13	12,145	–	13,394	–	1,249	–
ABP 2018	01 March 2019	N	March 2021	0	–	26,230	–	–	–	–	26,230
ABP 2019	01 March 2020	N	March 2022	0	–	–	30,312	–	–	–	30,312
					Total	**377,358**	**234,205**	**15,356**	**73,072**	**1,432**	**524,567**
Total for all executive directors						**1,061,492**	**657,353**	**44,263**	**213,595**	**4,126**	**1,465,113**

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.

There has been no change to the exercise price or date of vesting of shares as outlined in this table.

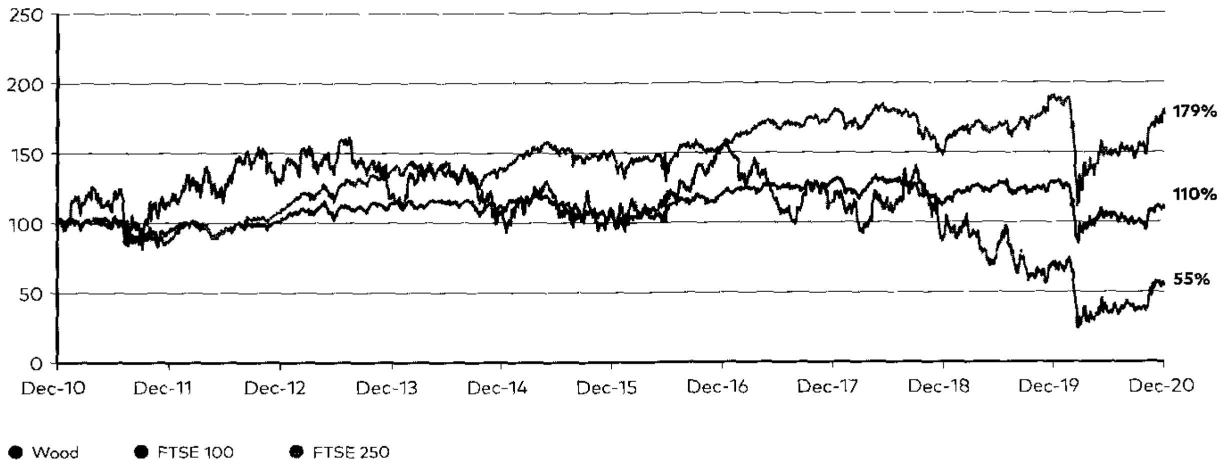
Post-cessation

As outlined in our Remuneration Policy, approved by shareholders at the 2020 AGM, 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 received from share awards granted from 1 January 2020 onwards. The sale of shares is restricted by way of approvals for current executive directors and the Committee will ensure appropriate enforcements and control is in place post-cessation. Post-cessation controls will be managed through the online system provided by our third-party stock administrator.

Executive directors' remuneration continued

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, 2011 to 2020.



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)											
Year	**2011**	**2012**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Chief Executive	Allister Langlands	Allister Langlands	Bob Keiller	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson
CEO single figure of total remuneration (£'000)	£3,338	£2,276	£199	£1,624	£1,330	£1,146	£1,179	£1,417	£1,875	£1,690	£1,214
Annual bonus award as a % of maximum opportunity	87%	76%	75%	60%	48%	37%	43%	59%	88%	62%	0%
Long term incentive vesting rates as a % of maximum opportunity	100%	100%	25%	79%	51%	16%	25%	11%	0%	0%	50%

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.

Percentage change remuneration of all directors and all employees

This year, in line with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, we have included additional detail on the percentage change in remuneration for the Chief Executive, Chief Financial Officer, non-executive directors as per the single figures reported each year and all other employees within the group. This table will accumulate over a five-year rolling period.

The figures reported reflect the impact of voluntary salary reductions, the use of furlough and no bonus payment for 2020 impacting both executive directors and employees. Change in employee benefits is impacted by changes in insurance premiums, there has been limited change to company funded benefit provision with the exception of continued harmonisation activity.

Overall, for non-executive directors, no change was made to fees between 2019 and 2020 with non-executive directors also taking 10% voluntary reduction in fees for a period of nine months. Change in fees reported were also impacted by pro-rated payments as a result of Board movements as disclosed in page 120.

		2019 - 2020		
		Salary/fees	Benefits	Bonus
All Employees		-1%	7%	-100%
Executive directors	Robin Watson	-3%	0%	-100%
	David Kemp	-3%	0%	-100%
Non-executive directors	Roy Franklin	47%		
	Adrian Marsh	36%		
	Thomas Botts	-8%		
	Jacqui Ferguson	0%		
	Mary Shafer-Malicki	-8%		
	Birgitte Brinch Madsen	-		
	Nigel Mills	-		

Notes to the percentage change in Chief Executive remuneration

Salary and benefits percentage change for all employees is calculated on a per capita basis using total annual spend (excl. executive directors and bonus values) / *average number of employees in the year as disclosed in Note 31 of the financial statements.*

Bonus is calculated as the average award paid to participants of the Annual Bonus Plan.

In line with regulations, pensions and long-term incentives are not required to be included in this table.

Non-executive directors do not receive benefits or bonuses.

Fee changes reported for Roy Franklin and Jacqui Ferguson reflect changes in role during the year. Adrian Marsh as a new appointment in 2019 as disclosed in page 120. Overall fees in 2020 were reduced from 2019 through voluntary fee reductions for a period of nine months.

Birgitte Brinch Madsen and Nigel Mills did not receive any remuneration in 2019 therefore no change has been reported.

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 for the relevant financial year on the same basis as the single figure table as stipulated by The Companies (Miscellaneous Reporting) Regulations 2018. Having expanded our gender pay gap data as at 5th April 2020 to include all UK employing entities for the first time, we have chosen to use Option B for the purposes of simplicity, consistency and alignment across our external disclosures. We believe that the best equivalents are reasonably representative P25, P50 and P75 employees and their remuneration is consistent with that of the wider workforce. Figures are adjusted accordingly (such as pension contributions) to ensure best representation of full time equivalent (FTE) employees for the purposes of calculation. Salary and total pay values are included to ensure maximum clarity.

The Remuneration Committee believe that the pay ratio results reflect the Company's internally fair approach to pay through aligned and consistent frameworks. The total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce which Wood employs, assisting with an above average pay ratio. Key reasons for the year-on-year changes to the pay ratio are the continued evolution of our workforce through integration, divestment, and acquisitive growth, change of methodology applied; zero bonus being realised by the Chief Executive for 2020; and the voluntary salary reduction of 10% applied to the base salary of the Chief Executive for nine months of 2020, which did not apply to the entire UK workforce.

			Ratio of Chief Executive pay to employee pay					
			25th percentile		*Median*		*75th percentile*	
Year	Method		Ratio	Value (000s)	Ratio	Value (000s)	Ratio	Value (000s)
2020	Option B	Salary	19:1	£38	14:1	£54	11:1	£68
		Total pay	29:1	£42	18:1	£66	15:1	£80
2019	Option C	Salary	24:1	£32	18:1	£42	13:1	£59
		Total pay	48:1	£35	36:1	£46	25:1	£68
2018	Option C	Salary	20:1	£34	14:1	£49	11:1	£64
		Total pay	50:1	£38	35:1	£53	26:1	£71

Notes

We reported our 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. In 2019 our calculations included all full pay relevant UK employees in line with Gender Pay Gap calculations. From 2020, our calculations are based on only our Gender Pay Gap report data.

Executive directors' remuneration continued

Gender pay

We are confident that our gender pay gap does not reflect an equal pay issue nor is it related to paying males and females differently. It is a result of gender distribution across occupations and job levels, consistent across all our UK entities and our industry peers. At Wood we have policies and practices which are fair and free from bias. We are committed to inclusion, diversity, and equality across our organisation. Despite the government putting gender pay gap reporting on hold as a result of the global pandemic, Wood reported the gender pay gap in line with the planned schedule.

This year our report shows the overall Wood pay gap has increased from 23.3% to 27.7%, whilst the mean bonus gap has reduced from 8.8% to 4.6%. During the same time female representation has increased across our UK business from 23% to 25%. In 2020, Wood and the markets in which we operate, experienced an unprecedented impact because of the Covid-19 pandemic and the volatility in oil prices. In common with many other organisations, Wood used the Coronavirus Job Retention Scheme, where appropriate, to protect our people until it was safe for them to return to their normal duties. In line with the guidance from the Government Equalities Office we excluded employees on furlough for calculating our pay gap but included it for calculating our bonus gap; this resulted in an overall increase in the mean pay gap as furloughed employees had typically lower hourly earnings. Analysis including furloughed employees, as a fairer representation of the overall picture at Wood, results in a mean pay gap largely unchanged from 2019 of 23.2% overall, 0.1% reduction on 2019 (23.3%).

Employees at snapshot date

5,929

Gender balance

75% male

25% female

Mean gap/median gap pay

27.7% mean

34.2% median

Mean gap/median gap bonus

4.6% mean

38.9% median

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

Hampton-Alexander Review

We were also pleased to note our improved performance in the Hampton-Alexander review, improving from 177th position to 118th, achieving 23.3% senior female leadership representation, up from 16.9%.

Real Living Wage Accreditation – UK

As a responsible employer, Wood is committed to becoming a Real Living Wage (RLW) employer in the UK. RLW accreditation supports our sustainability goals in ensuring we are not only being internally fair and externally competitive from a reward perspective, but also provide our employees with a wage that reduces financial stress and promotes a good quality life. As part of the accreditation process, we will partner with our suppliers to ensure they also comply with the RLW.

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	2020 ($m)	2019 ($m)	Difference ($m)	% change
Remuneration paid to or received by all employees	3,399.9	4,441.9	(1,042.00)	-23.5%
Distributions to shareholders by way of dividend and share buyback	0	235.5	(235.5)	-100%

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.

Robin Watson Chief Executive

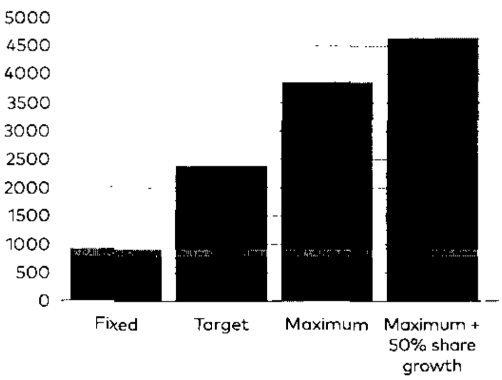
David Kemp CFO

● Fixed pay ● Benefits & Pension ● Annual bonus ● Long Term Plan

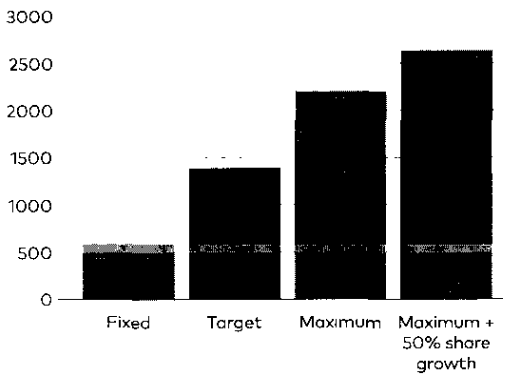
The charts below provide an indication of the level of remuneration, as a value, which could be received by each executive director under the Remuneration Policy as a fixed value, target and maximum performance, as well as an illustration of maximum plus 50% share price growth. These charts are for illustrative 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.

Robin Watson Chief Executive
(£000's)



David Kemp CFO
(£000's)



● Fixed pay ● Benefits & Pension ● Annual bonus ● Long Term Plan

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 2021
- Benefits is the last known figure as set out in the single figure of remuneration table for 2020
- Pension related benefits are based on 15% of the base salary, covering defined contribution pension or cash allowance in lieu of pension
- Bonus includes short term incentives and is based on the proposed application of the Policy for 2021 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 proposed application of the Policy for 2021 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.

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

Target - It has been assumed that 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.

Executive directors' remuneration continued

Statement of implementation of Remuneration Policy

This section provides an overview of how the Committee will implement the Remuneration Policy in 2021 and is subject to an advisory vote at the 2021 AGM. In determining the policy application, the Committee has complied with Section 40 disclosures within the UK Corporate Governance Code as outlined earlier in the report.

A full copy of the Remuneration Policy can be found at: **woodplc.com/rempolicy**

Base salary

There will be no change to base salary for executive directors in 2021: annual salaries remain £787,200 for Robin Watson; and £498,560 for David Kemp.

Benefits

There will be no change to benefits for 2021. The executive directors will continue to participate in existing benefit arrangements in line with the agreed Remuneration Policy.

Pensions

There will be no changes to pension for 2021, and allowances will remain at 15% in line with the policy. As previously communicated, both executive directors will align to the allowance in place for the wider workforce, currently 9% in the UK for onshore, office-based employees, from January 2022. Any new executive directors will participate in pension arrangements aligned to their country of employment.

Employee Share Plan (ESP)

Both executive directors will remain eligible to participate in the ESP, including the new SIP, with contributions of up to 10% of gross salary, subject to plan rules.

Shareholding requirements

In line with our updated Remuneration Policy in 2020, shareholding requirements are 250% for the Chief Executive and 200% for all other executives.

LTIP awards

Participation levels in 2021 will be 200% of salary for Robin Watson and 175% for David Kemp. The number of shares granted will be based, as usual, on the 20 days trading average price as at 1 January 2021. These awards will be monitored for windfall gains over the vesting period and the Committee can apply discretion as appropriate, informed by the discretionary matrix.

The performance measures will be relative TSR, EBITDA margin percentage improvement, revenue growth and an ESG framework. All measures are key strategic priorities aligned with value generation for our shareholders, business growth, and our sustainability plan.

The financial measures are simple, transparent, regularly reported externally and incentivise management to grow the business. The TSR peer group was reviewed by the Committee and for 2021 will be as follows: Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip Energies, Technip Energies, Technip FMC, Tetratech, Worley and WSP.

The ESG framework measures challenges our business, our people, and our clients to do better and to create a better tomorrow; they support our ambitions and delivery of the broader targets as detailed in the sustainability report, governed by SABE, and approved by the Board. For this performance period the measures will be equally split between:

- Carbon emission reductions, (carbon scope 1 and 2) aligned with our 10-year ESG target of 40%.
- Improvement in leadership gender diversity, aligned with our 10-year target of 40%.

The weightings and targets for each of the performance measures are detailed below. No award will be made for less than threshold performance. In relation to the TSR and ESG element, 25% of that element of the award becomes payable on reaching threshold and 100% is payable on reaching maximum performance. For EBITDA margin percentage improvement and revenue growth, 10% of that element of the award becomes payable on reaching threshold and 100% is payable on reaching maximum performance.

Performance Measure	Weighting %	Targets Threshold	Maximum
TSR	50%	50th percentile	75th percentile
EBITDA margin percentage improvement	30%	8.5%	9.8%
Revenue growth	10%	$7.36bn	$8.6bn
Carbon emission reductions	5%	7.0%	15.0%
Improvement in leadership gender diversity	5%	32.0%	34.0%

Given the current external volatilities, the Committee is mindful of the potential impact from windfall gains of these awards and will continue to make use of discretion at the end of the performance period where there is a case to do so in line with the broader stakeholder experience.

Annual Bonus Plan (ABP)

Bonuses will continue with maximum opportunity at 175% for Robin Watson and 150% for David Kemp. In line with policy, 25% of any payment will be deferred into nil cost share-based awards for a further two years.

In line with our policy and ensuring a direct link to our strategic objectives, the bonus measures will be split between financial, an environmental, social and governance (ESG) framework and non-financial measures with a balance of 60%, 10% and 30% respectively as illustrated in the chart below.

Profit 30%	Cash generation 30%	ESG 10%	Corporate/personal objectives 30%
financial measures 60%		ESG framework 10%	non-financial measures 30%

The Committee has included ESG frameworks in ABP and LTIP 2021 to support Wood's transition away from our oilfield services heritage to a more enduring market position in energy transition and sustainable infrastructure, and to aid delivery of our longer-term sustainability goals.

In ABP, the ESG framework will total 10% of bonus opportunity. In 2021 this will comprise of three Key Performance Indicators, equally weighted: TRIR (Total Recordable Incident Rate); delivery against safety intervention programme; and active, demonstrated leadership in educating and inspiring 100% of our colleagues to be inclusive every day, resulting in positive, sustainable cultural change. Performance is tracked via the HSSE global dashboard and will be overseen by SABE. The commitment to these KPIs demonstrates our journey towards an enhanced focus on ESG measures and we will continue to evaluate the most appropriate measures to apply annually.

For financial measures and in response to the high degree of uncertainty around the shape and timing of post Covid-19 and oil price recovery, threshold performance for 2021 will be 85% of the target set, and maximum bonus is achieved when results exceed 115% 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 2021 at its meeting in March 2021. 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.

Full transparency of bonus objectives is outlined below.

Corporate objectives

Develop and deliver against the Future Fit programme

- Clear work-stream project plan and overall programme plan to deliver against objectives
- Ensure governance of programme via executive sponsorship and accountability for delivery across the future fit workstreams
- Deliver financial targets of the plan, including requisite improvement to the bottom-line

Leadership effectiveness

- Assess and continuously improve ELT 'team health' in a measured manner (independent assessment of the ELT development programme)

Personal objectives

Robin Watson

Sustainable delivery against the strategic plan: reposition Wood within energy transition and infrastructure markets, establishing a strong, differentiated competitive position; enduring, value added client relationships; and a healthy sales pipeline in these growth markets of the future.

Project execution: design and deliver a programme of execution excellence to ensure robust project delivery systems and commercial governance, to deliver a project execution model which delivers predictable and sustainable project outcomes.

Operating model and OpCom delivery: develop and deliver the refined operating model and execution delivery through the new OpCom and assurance structure, to ensure predictable, consistent best-in-class delivery; unlock and deliver operational efficiencies; and improve margin.

ESG and sustainability programme leadership: deliver against the agreed climate, ESG & sustainability programme, including appraising the Board and create a compelling investment case as a sustainable investment proposition via effective communication and engagement around our ESG credentials.

Active risk management and business ethics leadership:

- Actively mitigate company principal risks aligned to the Group Risk Management programme
- Continue to manage Crisis Management Team and Covid-19 related risks through 2021
- Close out the case management portfolio through the Investigations Oversight Committee, and conclusion of cases with Regulatory authorities
- Deliver against Ethics & Compliance improvement programme (related to case management close-out) through 2021

David Kemp

Drive success of related Future Fit programme including F&A functional deliverables:

- Deliver F&A functional plan
- Promote and support delivery of overall plan
- Reshape Oracle plan
- Redesign reporting structures
- Recut budget and targets
- Reconsider internal investment in line with constraints

Capital structure and financing:

- Maintain financing strategy adapting to changing conditions
- Execute agreed financing strategy ensuring business maintains sufficient liquidity, sufficient covenant headroom and meets audit requirements
- Propose and agree 2021 dividend strategy with Board

Investor engagement:

- Enhance opportunity for increased market capitalisation via improved share price performance
- Build and communicate a clear and compelling, sustainable investment case via effective repositioning and differentiation of the Wood brand from traditional peer group

Regulatory investigations and litigation management:

- Through governance structure, provide leadership to SFO, DOJ, SEC and COPFS investigations
- Active management of current and emergent litigation risks; efficient and effective litigation management, active balance of cost vs return

Chair of the Board and non-executive directors

*Single figure of remuneration**

In line with our Directors' 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 as outlined in our fee structure table. The following table sets out the total single figure of remuneration for the Chair and each of the non-executive directors in the financial year. Fees are pro-rata where there was a change of appointment during the year, further details of Board changes are outlined on page 89.

	Year	Total fees (£'000)
Roy Franklin	**2020**	**£259.0**
	2019	£138.4
Adrian Marsh	**2020**	**£62.0**
	2019	£39.8
Thomas Botts	**2020**	**£62.0**
	2019	£67.0
Jacqui Ferguson	**2020**	**£57.2**
	2019	£57.0
Mary Shafer-Malicki	**2020**	**£52.7**
	2019	£57.0
Birgitte Brinch Madsen (from 1 March 2020)	**2020**	**£43.3**
	n/a	n/a
Nigel Mills (from 1 May 2020)	**2020**	**£38.7**
	n/a	n/a
Jeremy Wilson (to 29 June 2020)	**2020**	**£36.6**
	2019	£70.3
Ian Marchant (to 1 Sep 2019)	**2020**	**n/a**
	2019	£186.7
Jann Brown (to 1 Sep 2019)	**2020**	**n/a**
	2019	£44.9
Linda Adamany (to 1 May 2019)	**2020**	**n/a**
	2019	£24.1

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. Non-executive directors do not receive any taxable benefits which require to be reported. As previously disclosed, Linda Adamany's 2019 fee included an uplift as a non-UK based non-executive director, as part of the AFW transaction.

Changes to the Board during the year

Directors appointed

Birgitte Brinch Madsen appointed to the Board 1 March 2020.

Nigel Mills appointed to the Board 1 May 2020.

Director changes within the board

Nigel Mills replaced Jeremy Wilson as Senior Independent Director on 29 June 2020.

Jacqui Ferguson replaced Jeremy Wilson as Chair of the Remuneration Committee on 29 June 2020.

Directors resigned

Jeremy Wilson retired from the Board on 29 June 2020.

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]	06 October 2017	90 days	01 September 2022
Adrian Marsh	10 May 2019	90 days	10 May 2022
Thomas Botts	08 January 2013	90 days	No fixed expiry
Jacqui Ferguson	01 December 2016	90 days	No fixed expiry
Mary Shafer-Malicki	01 June 2012	90 days	No fixed expiry
Birgitte Brinch Madsen	01 March 2020	90 days	01 March 2023
Nigel Mills	01 May 2020	90 days	01 May 2023

Notes

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.

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 2020, including those held by connected persons.

Beneficial interest	Shares owned outright 1 January 2020	Shares owned outright 31 December 2020
Roy Franklin	15,000	15,000
Adrian Marsh	2,000	2,000
Thomas Botts	8,500	8,500
Jacqui Ferguson	2,498	7,339
Mary Shafer-Malicki	3,450	3,450
Birgitte Brinch Madsen	–	–
Nigel Mills	–	–

Fee structure

The Chair and non-executive director fee structure for 2020 and 2021 are set out below. In line with the wider workforce and executive directors there will be no increase to fees for non-executive directors. Fees will be reviewed in 2021 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.

	2020 fees per annum	2021 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 2020

Company financial statements

Independent auditor's report

to the members of John Wood Group PLC

1. Our opinion is unmodified

We have audited the financial statements of John Wood Group PLC ("the Company") for the year ended 31 December 2020 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 137 to 146 and 212 to 213.

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 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 to the extent applicable.

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 three financial years ended 31 December 2020. 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	$44m (2019: $50m) 0.5% (2019: 0.5%) of revenue	
Coverage	81% (2019: 84%) of group revenue	
Key audit matters		**vs 2019**
Recurring risks	Revenue recognition on fixed price contracts	◀▶
	Goodwill impairment	▲
	Investigations	◀▶
	Litigations and contingent liabilities	◀▶
	US asbestos related claims provision	◀▶
New key audit matter for the Group	Going Concern	▲
***Parent Company* recurring risk**	*Recoverability of Parent* Company's investment in subsidiary	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in 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
Revenue recognition on fixed price contracts (Revenue from lump sum contracts – $2,501.8 million, 2019: $2,922.9 million) *Refer to page 94 (Audit Committee Report), page 141 (accounting policy) and page 149 (financial disclosures).*	**Subjective estimate:** Long-term, fixed price contracts can include both complex technical and commercial requirements and last for a number of years. Recognition of revenue on such contracts requires estimates of forecast costs and profits or losses and assumptions involving a *high degree of estimation uncertainty* which are required to: • project 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 in the assessment of contract costs for technical and commercial risks or costs arising either from customer claims or contract penalties; and • estimate the likelihood of the approval of contract variations for additional compensation. The estimates above impacted revenue of the period, receivables and contract assets, contract liabilities and provisions including those from onerous contracts. The effect of these matters is that, as part of our risk assessment, we determined that revenue from fixed price contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. This includes the Aegis Poland contract disclosed in Note 20, which has the single greatest effect on the estimate. The financial statements (Note 2) disclose the estimations made by the Group.	Our procedures included: • **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 relevant information was included in cost and revenue forecasts. • **Test of detail:** for a risk-based sample of contracts, we *analysed correspondence with customers (including where* applicable evidence of customer agreement) around variations and claims to challenge the estimates of claims and variations included in the forecast and assessed the materiality of any differences arising. • **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 assessed 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, with reference to costs incurred. • **Assessing transparency:** assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the estimated revenue. **Our results** We considered the amount of revenue recognised on fixed price contracts to be acceptable. (2019: acceptable)

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Goodwill impairment (Goodwill - $5,265.6 million, 2019: $5,208.9 million). *Refer to page 93 (Audit Committee Report), page 142 (accounting policy) and pages 156-157 (financial disclosures).*	**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. The conventional energy market conditions have been challenging and the COVID-19 global pandemic has impacted severely the global economy. These factors increase the risk of impairment. 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.	Our procedures included: • **Assessing methodology:** we assessed whether the principles and integrity of the cash flow model are in accordance with applicable standards. • ***Sensitivity analysis:*** *we performed our own sensitivity* analysis including a reasonably possible reduction in forecast cash flows and an alternative higher discount rate assumption to assess the level of sensitivity to these assumptions. • **Our sector experience:** we considered the most sensitive assumptions in determining value-in-use and challenged the cash flow and growth assumptions applied with reference to the accuracy of historical forecasts, group specific factors and wider macro-environment conditions. • **Our valuation expertise:** we challenged the assumptions used by the Group in the calculation of the discount rates, including comparisons with external data sources and by involving our own valuation specialist to assist us in assessing the discount rate assumptions applied. • **Assessing transparency:** we assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate and cash flows reflected the risks inherent in the possible impairment of goodwill. **Our results** We found the carrying amounts of goodwill, with no impairment, to be acceptable (2019: Acceptable).
Investigations (Provision held $196.7 million, 2019: $46 million) *Refer to page 94 (Audit Committee Report), page 144 (accounting policy) and pages 173-178 (financial disclosures).*	**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 historical business practices and agreements with commercial intermediaries including Unaoil and possible bribery and corruption related offences. The stage of investigations of these matters results in uncertainty in assessing the likely financial outcome and the adequacy of provisions recognised for each. 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.	Our procedures included: • **Enquiry of lawyers:** on relevant investigations, enquired with the Group's external lawyers in order to corroborate our understanding of these matters. • **Review correspondence:** from relevant authorities. • **Personnel interviews:** We discussed the status of the investigations with the Group's internal counsel to understand their assessment as to whether the matters should be provided for or disclosed as a contingent liability. • **Our compliance expertise:** on relevant investigations we used our own forensic specialists to analyse correspondence with regulators to assess the status of the investigations and evaluate their impact on the financial statements. • **Assessing transparency:** we assessed whether the Group's disclosures detailing investigations adequately disclose the liabilities and contingent liabilities of the Group. **Our results** We considered the level of provisioning and contingent liability disclosures for investigations to be acceptable. (2019: acceptable)

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Litigation related provisions and contingent liabilities (Certain amounts forming part of litigation related provisions – $333.0 million, 2019: $111.8 million) *Refer to page 94 (Audit Committee Report), page 144 (accounting policy) and pages 173-178, 194 (financial disclosures).*	**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.	Our procedures included: • **Enquiry of lawyers:** On all significant legal cases, we performed an assessment of correspondence with the group's external counsel accompanied by discussions and formal confirmations from that counsel; we have read the responses 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 as a provision 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. **Our results** We considered the level of provisioning and contingent liability disclosures for litigations to be acceptable. (2019: acceptable)
US asbestos related claims provision ($403.7 million, 2019: $418.9 million) *Refer to page 94 (Audit Committee Report), pages 142 and 144 (accounting policy) and pages 173-176 (financial disclosures).*	**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.	Our procedures included: • **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 to 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 objectivity. • **Assessing transparency:** we considered the adequacy of the Group's disclosure in respect of the US asbestos related claims provision and the assumptions used. **Our results** We found the carrying amount of the US asbestos related claims provision recognised to be acceptable. (2019: acceptable)

Independent auditor's report continued

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Going concern *Refer to page 93 (Audit Committee Report), page 60 (Strategy report) and page 137 (financial disclosures).*	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and the Company's business model and how those risks might affect the Group's and the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group's and the Company's available financial resources and metrics relevant to debt covenants over this period were: • challenging conditions within the conventional energy market; • the impact of the COVID-19 pandemic on the Group's ability to achieve revenue and EBITDA forecasts falling in the going concern period; • the extent to which new cost savings can be achieved. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: • **Funding assessment:** We reviewed the Revolving Credit Facility Agreement (the "RCF Agreement"), the related amendments to the RCF Agreement and the Term Loan Agreements, to understand the terms, including covenant levels and any restrictions in the use of the funds. We assessed whether the key factors from these agreements featured in the financial models used for the purpose of assessing the future forecasts. We reperformed calculations for key financial covenants at each test date falling into the going concern assessment period, in order to test the expected compliance with these covenants and mathematical accuracy of the Directors' calculations. • **Historical comparisons:** We assessed the ability of the Group to forecast accurately, by comparing budgets to historical results for key metrics. We challenged the budget assumptions and assessed these against the most recent years' performance; and assessed whether they reflected the impacts of COVID-19 and the oil & gas market downturn. • **Key dependency assessment:** We evaluated whether the key assumptions over revenue growth and EBITDA margin are realistic, achievable and consistent with the external and internal environment and other matters identified in the audit; • We also assessed the mitigating actions, to identify whether these were reasonable and within the direct control of the Group. • **Sensitivity analysis:** We considered the Directors' 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. We performed additional sensitivity analysis by preparing an alternative severe but plausible downside scenario, by taking into account a number of adverse factors which can impact Group's EBITDA and cashflows during the going concern assessment period. • **Our sector experience:** In performing our assessment of the model and assumptions, we have made enquiries of each of the BU Finance & Administration Presidents and other Executives by reference to our knowledge of the business and general market conditions, and assessed the potential risk of management bias. We considered the risk factors as set out by the Board in the Principal Risks section of the annual report and accounts, and where relevant ensured that these featured in the projections prepared to support the base case and the risks applied. • **Assessing transparency:** We assessed the completeness and accuracy of the matters covered in the going concern disclosure, to consider whether they sufficiently explain the uncertainties and related judgements made by the Directors in assessing whether the going concern basis of preparation is appropriate. **Our results:** We found the going concern disclosure in note 1, without any material uncertainty, to be acceptable (2019 result: acceptable).

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Parent Company risk: **Recoverability of parent company's investment in subsidiary** (Investment in subsidiary - $4,348.3 million, 2019: $3,524.0 million) *Refer to page 93 (Audit Committee Report), page 212 (accounting policy) and page 214 (financial disclosures).*	**Low risk, high value:** The carrying amount of the Parent Company's investment in subsidiary represents 58% of the Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its 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.	Our procedures included: • **Assessing methodology:** we assessed management's identification of indicators of impairment, which are quantitative and qualitative. • **Historical comparisons:** we assessed management's conclusions on indicators of impairment with reference to the results of the previous year's impairment tests for the same investment which showed considerable headroom. • **Comparing valuations:** we compared the carrying amount of the investment with a valuation calculated based on the net present value of relevant cash flows of the group that were assessed through our procedures responsive to the group's goodwill impairment risk. We challenged the key assumptions within these cash flows with reference to the accuracy of historical forecasts, group specific factors and wider macro-environment conditions as part of addressing the risks relating to group's goodwill impairment testing. We performed the tests above rather than seeking to rely on any of the parent company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our results** We found the carrying amount of the investment in subsidiary to be acceptable. (2019: acceptable)

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and impairment tests however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

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 $44 million (2019: $50 million), representing 0.5% (2019: 0.5%) of the benchmark. Our 2020 benchmark was a normalised revenue calculated based on averaging the total revenue for 2020, 2019 and 2018, due to the fluctuations caused by COVID-19. In the prior year we used total 2019 revenue as the benchmark to calculate materiality. 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 (2019: $30 million), determined with reference to a benchmark of Company total assets, of which it represents 0.5% (2019: 0.5%).

Performance materiality was set at 65% (2019: 65%) of materiality for the financial statements as a whole, which equates to $28.5m (2019: $32.5m) for the group and $19.5m (2019: $19.5m) for the parent company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements during the prior year.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $2.2 million (2019: $2.5 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 20 (2019: 24) reporting components, we subjected 7 (2019: 11) to full scope audits for group purposes and 13 (2019: 13) to specified risk-focused audit procedures over: revenue, cost of sales, payables and trade receivables (10 components (2019: 12)); cash (12 components (2019: 8)) ; accruals (3 components (2019: 7)); provisions (4 components (2019: 4)); administrative expenses (2 components (2019: 3)); prepayments (1 component 2019: 2)); other receivables (2 components (2019: 1)); bad debt provision (1 components (2019: 1)) and other non-current liabilities (0 component (2019: 1)). 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.

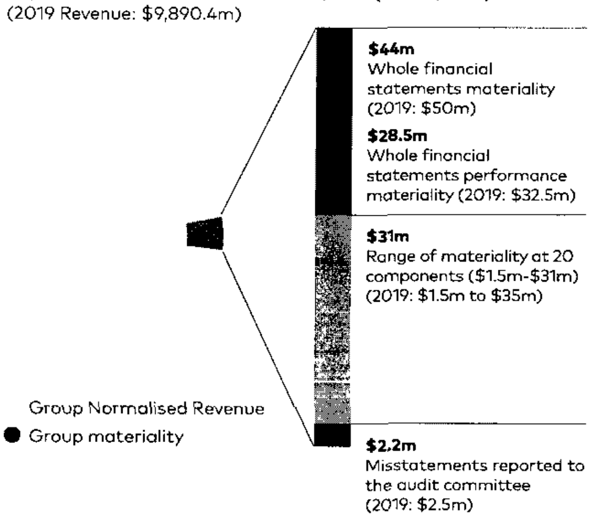
The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

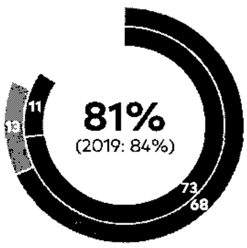
The Group operates shared service centres, the outputs of which are included in the financial information of the reporting components they service and therefore they are not separate reporting components. One (2019: one) shared service centre was subject to specified risk-focused audit procedures, predominantly 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.

Normalised Revenue
$8,734.3m
(2019 Revenue: $9,890.4m)

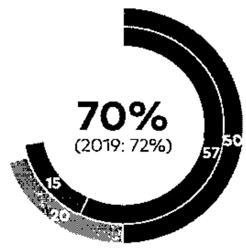
Group materiality
$44m (2019: $50m)



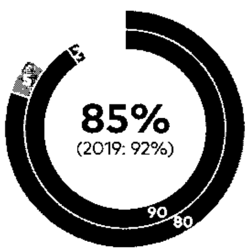
Group revenue



Group profit and losses that made up profit before tax



Group total assets



- Full scope for group audit purposes 2020
- Specified risk-focused audit procedures 2020
- Full scope for group audit purposes 2019
- Specified risk-focused audit procedures 2019
- Residual components

3. Our application of materiality and an overview of the scope of our audit (continued)

The Group team instructed component auditors in fifteen (2019: fifteen) 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 $31 million (2019: $1.5 million to $35 million), having regard to the mix of size and risk profile of the Group across the components. The work on 20 of the 25 (2019: 24 of the 28) 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 0 of 15 (2019: 8 of 15) component locations due to the COVID-19 pandemic restrictions. Audio/video conference meetings were held with these component auditors. During these 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. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period; and
- the related statement under the Listing Rules set out on page 60 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee, internal audit, the Ethics and Compliance team, the internal Legal team, external law firms.
- Inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud , including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit committee, Remuneration committee, Nomination committee and Safety, Assurance and Business Ethics committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to in-scope component audit teams of relevant fraud risks identified at the Group level and requests to in-scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk on the fixed price contracts, and the risk of bias in accounting estimates and judgements such as litigations and contingent liabilities and goodwill impairment assumptions.

We did not identify any additional fraud risks.

Further detail in respect of revenue recognition on fixed price contracts, litigations and contingent liabilities and goodwill impairment is set out in the key audit matter disclosures in section 2 of this report.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test, based on risk criteria, at Group level and in all in-scope components and comparing the identified entries to supporting documentation. These included, where applicable, those posted by senior finance management/ those posted and approved by the same user/ those posted to unusual accounts. Also, we have tested all material post closing journal entries.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to all in-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for all in-scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety legislation, fraud, anti-bribery and anti-corruption, money laundering legislation, employment law and social security legislation, contract legislation, Foreign Corrupt Practices Act, environmental protection legislation and federal acquisition regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Further detail in respect of Investigations and Litigation and contingent liabilities is set out in the key audit matter disclosures in section 2 of this report.

For the regulatory investigations and litigations and claims matters discussed in notes 20 and 33 respectively, we assessed disclosures against our understanding gained through the audit procedures performed and concluded that these are appropriate.

We discussed with the audit committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement page 61 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

- the Analysis of Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 61 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 75, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. 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
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

15 March 2021

Consolidated income statement

for the year ended 31 December 2020

		2020			2019		
	Note	Pre-exceptional items $m	Exceptional items $m	Total $m	Pre-exceptional items $m	Exceptional items $m	Total $m
Revenue from continuing operations	1,2	**7,564.3**	**-**	**7,564.3**	9,890.4	-	9,890.4
Cost of sales		**(6,836.6)**	**-**	**(6,836.6)**	(8,768.5)	-	(8,768.5)
Gross profit		**727.7**	**-**	**727.7**	1,121.9	-	1,121.9
Administrative expenses	5	**(554.9)**	**(239.3)**	**(794.2)**	(760.4)	(106.3)	(866.7)
Share of post-tax profit/(loss) from joint ventures	5,12	**41.6**	**(8.0)**	**33.6**	49.5	(1.3)	48.2
Operating profit/(loss)	1	**214.4**	**(247.3)**	**(32.9)**	411.0	(107.6)	303.4
Finance income	3	**13.4**	**-**	**13.4**	9.6	-	9.6
Finance expense	3,5	**(121.1)**	**(8.0)**	**(129.1)**	(164.3)	-	(164.3)
Profit/(loss) before taxation from continuing operations	4,5	**106.7**	**(255.3)**	**(148.6)**	256.3	(107.6)	148.7
Taxation	5,6	**(51.5)**	**(28.0)**	**(79.5)**	(56.4)	(19.5)	(75.9)
Profit/(loss) for the year from continuing operations		**55.2**	**(283.3)**	**(228.1)**	199.9	(127.1)	72.8
Profit/(loss) attributable to							
Owners of the parent		**53.8**	**(283.3)**	**(229.5)**	199.1	(127.1)	72.0
Non-controlling interests	28	**1.4**	**-**	**1.4**	0.8	-	0.8
		55.2	**(283.3)**	**(228.1)**	199.9	(127.1)	72.8
Earnings per share (expressed in cents per share)							
Basic	8			**(34.1)**			10.7
Diluted	8			**(34.1)**			10.5

The notes on pages 137 to 208 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income/expense

for the year ended 31 December 2020

	Note	2020 $m	2019 $m
(Loss)/profit for the year		**(228.1)**	72.8
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Re-measurement losses on retirement benefit obligations	32	**(178.7)**	(56.1)
Movement in deferred tax relating to retirement benefit obligations	6	**36.8**	6.8
Total items that will not be reclassified to profit or loss		**(141.9)**	(49.3)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	27	**(8.0)**	(5.3)
Tax on derivative financial instruments	6	**1.6**	1.4
Exchange movements on retranslation of foreign operations	27	**92.9**	83.4
Total items that may be reclassified subsequently to profit or loss		**86.5**	79.5
Other comprehensive (expense)/income for the year, net of tax		**(55.4)**	30.2
Total comprehensive (expense)/income for the year		**(283.5)**	103.0
Total comprehensive (expense)/income for the year is attributable to:			
Owners of the parent		**(284.9)**	102.2
Non-controlling interests		**1.4**	0.8
		(283.5)	103.0

Total comprehensive (expense)/income 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 137 to 208 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2020

	Note	2020 $m	2019 (Restated*) $m
Assets			
Non-current assets			
Goodwill and other intangible assets	9	**6,216.2**	6,299.0
Property plant and equipment	10	**126.4**	164.3
Right of use assets	11	**408.9**	412.1
Investment in joint ventures	12	**168.7**	168.3
Other investments	12	**79.8**	81.4
Long term receivables	14	**187.0**	95.7
Retirement benefit scheme surplus	32	**188.8**	368.0
Deferred tax assets	21	**80.4**	87.1
		7,456.2	7,675.9
Current assets			
Inventories	13	**11.9**	14.5
Trade and other receivables	14	**1,698.6**	2,306.0
Financial assets	14	**20.7**	10.1
Income tax receivable		**50.6**	39.8
Assets held for sale	30	**-**	518.9
Cash and cash equivalents	15	**585.0**	1,847.0
		2,366.8	4,736.3
Total assets		**9,823.0**	12,412.2
Liabilities			
Current liabilities			
Borrowings	17	**315.3**	1,752.7
Trade and other payables	16	**2,019.7**	2,619.6
Income tax liabilities		**183.2**	199.5
Lease liabilities	11	**133.4**	142.0
Provisions	20	**172.5**	140.6
Liabilities held for sale	30	**-**	106.0
		2,824.1	4,960.4
Net current liabilities		**(457.3)**	(224.1)
Non-current liabilities			
Borrowings	17	**1,296.5**	1,573.2
Deferred tax liabilities	21	**89.0**	88.4
Retirement benefit scheme deficit	32	**124.4**	127.0
Lease liabilities	11	**408.0**	441.3
Other non-current liabilities	18	**138.1**	146.0
Provisions	20	**770.1**	651.6
		2,826.1	3,027.5
Total liabilities		**5,650.2**	7,987.9
Net assets		**4,172.8**	4,424.3
Equity attributable to owners of the parent			
Share capital	23	**41.1**	40.9
Share premium	24	**63.9**	63.9
Retained earnings	25	**1,455.2**	1,806.4
Merger reserve	26	**2,540.8**	2,540.8
Other reserves	27	**69.0**	(33.2)
Total equity attributable to owners of the parent		**4,170.0**	4,418.8
Non-controlling interests	28	**2.8**	5.5
Total equity		**4,172.8**	4,424.3

* the 2019 balance sheet has been restated to correct differences identified on the adoption of IFRS 16 on 1 January 2019. See note 1 for details.

The financial statements on pages 132 to 208 were approved by the board of directors on 15 March 2021 and signed on its behalf by:

Robin Watson, Director David Kemp, Director

The notes on pages 137 to 208 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2020

	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 2019		**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)**
Prior year adjustment on application of IFRS 16 (net of tax)	1	-	-	(21.3)	-	-	**(21.3)**	-	**(21.3)**
***Restated balance at 1 January 2019**		40.7	63.9	1,751.5	2,790.8	(111.3)	**4,535.6**	19.0	**4,554.6**
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	-	-	-	-	-	-	(13.1)	**(13.1)**
Transfer from merger reserve to retained earnings	26	-	-	250.0	(250.0)	-	-	-	-
At 31 December 2019 (as restated)		**40.9**	**63.9**	**1,806.4**	**2,540.8**	**(33.2)**	**4,418.8**	**5.5**	**4,424.3**
(Loss)/Profit for the year		-	-	(229.5)	-	-	**(229.5)**	1.4	**(228.1)**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit scheme	32	-	-	(178.7)	-	-	**(178.7)**	-	**(178.7)**
Movement in deferred tax relating to retirement benefit scheme	6	-	-	36.8	-	-	**36.8**	-	**36.8**
Cash flow hedges	27	-	-	-	-	(8.0)	**(8.0)**	-	**(8.0)**
Tax on derivative financial instruments	6	-	-	1.6	-	-	**1.6**	-	**1.6**
Net exchange movements on retranslation of foreign operations	27	-	-	-	-	92.9	**92.9**	-	**92.9**
Total comprehensive (expense)/income for the year		-	-	**(369.8)**	-	**84.9**	**(284.9)**	**1.4**	**(283.5)**
Transactions with owners:									
Dividends paid	7,28	-	-	-	-	-	-	(4.9)	**(4.9)**
Credit relating to share based charges	22	-	-	24.3	-	-	**24.3**	-	**24.3**
Deferred tax impact of rate change in equity	6	-	-	(1.3)	-	-	**(1.3)**	-	**(1.3)**
Other tax movements in equity	6	-	-	(0.7)	-	-	**(0.7)**	-	**(0.7)**
Shares allocated to employee share trusts	25	0.2	-	(0.2)	-	-	-	-	-
Exchange movements in respect of shares held by employee share trusts	25	-	-	(3.5)	-	-	**(3.5)**	-	**(3.5)**
Net exchange movements on disposal of foreign currency operations	30	-	-	-		17.3	**17.3**	-	**17.3**
Transactions with non-controlling interests	28	-	-	-	-	-	-	0.8	**0.8**
At 31 December 2020		**41.1**	**63.9**	**1,455.2**	**2,540.8**	**69.0**	**4,170.0**	**2.8**	**4,172.8**

The notes on pages 137 to 208 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2020

	Note	2020 $m	2019 $m
Cash generated from operations	29	346.2	746.2
Tax paid		(43.2)	(84.3)
Net cash generated from operating activities		303.0	661.9
Cash flows from investing activities			
Acquisition of subsidiaries (cash acquired less consideration paid)	30	(21.0)	(5.6)
Disposal of businesses (net of cash disposed)	30	455.2	43.1
Purchase of property plant and equipment	10	(15.0)	(52.0)
Proceeds from sale of property plant and equipment		6.8	19.4
Purchase of intangible assets	9	(73.4)	(94.6)
Interest received		3.6	3.9
Cash from short term investments and restricted cash	29	(12.5)	11.7
Investment in joint ventures	12	-	(0.8)
Repayment of loans from joint ventures		4.5	30.0
Net cash generated from/(used in) investing activities		348.2	(44.9)
Cash flows from financing activities			
(Repayment of)/proceeds from short-term borrowings	29	(1,438.4)	770.9
Repayment of long-term borrowings	29	(277.5)	(348.2)
Payment of lease liabilities	29	(188.4)	(165.6)
Proceeds from disposal of shares by employee share trusts	25	-	0.4
Interest paid		(86.5)	(121.2)
Dividends paid to shareholders	7	-	(235.5)
Dividends paid to non-controlling interests	28	(4.9)	(1.2)
Net cash used in financing activities		(1,995.7)	(100.4)
Net (decrease)/increase in cash and cash equivalents	29	(1,344.5)	516.6
Effect of exchange rate changes on cash and cash equivalents	29	27.6	8.4
Opening cash and cash equivalents		1,901.9	1,376.9
Closing cash and cash equivalents	15	585.0	1,901.9

Closing cash and cash equivalents includes $nil (2019: $54.9m) presented in assets held for sale on the Group balance sheet (see note 30).

The repayment of long-term borrowings of $277.5m includes $400.5m of repayments offset by proceeds from $200.0m of new bilateral loan facilities and the impact of $77.0m of senior loan notes, now falling due within one year, being reclassified from long-term to short-term borrowings.

The notes on pages 137 to 208 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2020

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its customers across the complete lifecycle of their assets, from concept to decommissioning, across a range of energy, 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No: 1606/2002 as it applies to the European Union. 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.

Going concern

Despite the challenges of the Covid-19 pandemic and a low oil price environment our broad end market exposure and flexible business model has delivered a resilient financial performance in 2020 with good cash flow and a further reduction in net debt. We expect that these near-term headwinds will continue into 2021 and, whilst forecasting activity levels in an uncertain economic environment remains challenging, we expect that our relative resilience will continue and we see significant opportunities from the accelerating pace of Energy Transition. The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), as well as preparing financial forecasts up to the end of 2022 to reflect reasonably possible downsides.

During 2020, the directors undertook a number of actions to significantly adjust the cost base of the Group, leading to savings of $230m which were mainly achieved by temporary and permanent overhead savings, reductions in discretionary spend and capital expenditure, and the use of Government support schemes. Included within these savings were temporary furlough schemes in the UK, Canada and Italy. Deferrals of social security and pension contributions in line with the US Coronavirus Aid, Relief and Economic Security (CARES) Act (refer to the Government grants policy) amounted to approximately $50m. These deferred payments are to be paid between January 2021 and December 2022, and the financial forecasts include all deferred cash flows payable on their revised due dates. To the extent that temporary measures are reversed in 2021 and beyond, we are confident that they will not have any material impact on the business' ability to operate as a going concern.

The directors withdrew their proposed 2019 final dividend payment and did not declare an interim or final 2020 dividend in order to protect cashflows and preserve long-term value. No dividends were included in the going concern assessment. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

The completed disposals of the nuclear, industrial services and TCT businesses in 2020, which generated proceeds of $455.2m (net of cash disposed and transaction costs) were used to pay down the term loan which was due to be repaid in October 2020. The Group has also secured a one-year extension for $1,514.0m of its revolving credit facility to May 2023, which extends the maturity profile of the Group's debt facilities.

In assessing the basis of preparation of the financial statements for the year ended 31 December 2020, the directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014'; namely assessing the applicability of the going concern basis, the review period and disclosures. In addition, the directors have considered supplementary guidance issued in December 2020 by the Financial Reporting Council in relation to Covid-19.

In order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the Group's existing debt levels, the committed funding and liquidity positions under debt covenants and the Group's ability to generate cash from trading activities. As of 31 December 2020, the Group's principal debt facilities comprise a $1,750.0m revolving credit facility of which $236.0m matures in May 2022 and the remaining $1,514.0m in May 2023; $300.0m of bilateral term loans maturing in May 2022 and $880.5m of US private placement debt repayable in various tranches between August 2021 and July 2031, with over 85% due in 2023 or later. At 31 December 2020, the Group had headroom of $1,550.0m under its main facilities and a further $181.8m of other undrawn borrowing facilities. The Group's key financial covenants are set at a ratio of 3.5x for both net debt/maximum rolling 12 month EBITDA and minimum interest cover. These covenants are measured on a semi-annual basis and excludes the impact of IFRS 16. There are no indications from the scenarios modelled that any of these covenants will be breached in the period assessed.

At 31 December 2020, the Group had net current liabilities of $457.3m and this largely reflects the ability of the Group to effectively manage its short-term working capital cycle including the receipt of advance payments, management of payables and improvements in Days Sales Outstanding (DSO). The cash flow forecasts show that the Group will have sufficient funds to meet its liabilities as they fall due.

The directors have considered a range of scenarios, including the impact of Covid-19 on the Group's future financial performance and cash flows. These scenarios reflect our experience of the how the pandemic impacted our business in 2020 and the steps taken to adapt to working in a different environment, and also take into account the Group's Order Book. The majority of our businesses were able to continue to operate either by home working or, for field-based operations, reconfiguring to operate in a post Covid-19 environment with relatively short periods of disruption. The base case scenario therefore assumes that whilst there will be new lockdown periods in 2021, no material impact incremental to what was experienced in 2020 is expected. The upstream oil and gas focused elements of our business, which makes up around 35% of revenue, were impacted by the sharp reduction in oil prices in Q1 2020. We have since seen an increase to around $60 per barrel. Although producers remain cautious on longer-term oil prices, analysts predict that increased industrial and transport demand, following the roll out of vaccinations globally during 2021, will support oil prices above $50 per barrel. The non-upstream parts of our business which make up the other 65% of revenue have been less impacted and we would expect this to continue to be the case. The main drivers for this part of the business include global GDP growth, demand for chemicals and refined products, infrastructure spend, demand for renewables projects and metal prices.

The directors have considered severe, but plausible downside scenarios. The most severe of these reflect further material reductions in revenue and EBITDA from the base case scenario. This could result from a worsening economic climate and a significantly reduced oil price. The downside case also modelled the impact of unexpected working capital outflows and other significant unforeseen cash payments. In each of the scenarios modelled, the financial covenants were comfortably met with significant facility headroom remaining available.

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

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

(a) Impairment of goodwill (estimate)

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. Management expectations are formed in line with performance to date and experience, as well as available external market data. Future cash flow projections have remained a key source of estimation uncertainty during the year given the unprecedented uncertainty created by Covid-19.

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 10.4% and 11.3% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of between 2.4% and 2.8%. 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 $222.0m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review. A 0.75% reduction in the long-term growth rate or a 0.8% increase in the discount rate would result in headroom being reduced to $nil.

The headroom on Asset Solutions Americas based on the assumptions above was $218.0m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review. A 0.25% reduction in the long-term growth rate or a 0.6% increase in the discount rate would result in headroom being reduced to $nil.

See note 9 for further details.

(b) 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. Lump sum revenue amounted to $2,501.8m in 2020 (2019: $2,922.9m).

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 customer and contingencies. These factors are affected by a variety of uncertainties that depend on the outcome of future events, and so often need to be revised as events unfold, and therefore it is not practically possible to present these sensitivities. 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 customer and a range of factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

On the Aegis contract, the assessment of the amount of variable consideration that is considered to be highly probable is based on an estimate that takes into account the risks and likelihood of recovery of unapproved change orders raised under the contract. The amount of this variable consideration is material and is included within the $111.3m of long-term contract assets. See note 20 for further details.

Liquidated damages ("LDs")

Management make an assessment of the value of LDs to be provided at reporting date such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the LD is subsequently resolved. This initial assessment is reconsidered at each reporting date. The assessment is based on a best estimate of the monetary amount of LDs payable which involves a number of management assumptions and judgements including discussions with the customer, contractual entitlement, prior experience of the customer, prior experience of similar contracts with other customers and other forms of documentary evidence.

At 31 December 2020, the Group's individually most significant LDs amounted to $18.0m (2019: $16.0m) 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.

(c) Provisions and contingent liabilities (judgement and estimate)

The Group records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes contract provisions and provisions for pending legal issues.

As a result of the acquisition of Amec Foster Wheeler ("AFW") in 2017, the Group has acquired a significant asbestos related liability. Some of AFW's legacy US and UK subsidiaries are defendants in asbestos related lawsuits and there are out of court informal claims pending in both jurisdictions. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to the use of asbestos in connection with work allegedly performed by subsidiary companies in the 1970s and earlier. The provision for asbestos liabilities is the Group's best estimate of the obligation required to settle claims up until 2050. Group policy is to record annual changes to the underlying gross estimates where they move by more than 5%.

The critical assumptions applied in determining the asbestos provision include: indemnity settlement amount, forecasted number of new claims, estimated defence costs and the discount rate. The Group uses a 30 year US Treasury bond rate to discount its asbestos liabilities. The extreme market conditions seen in 2020 have led to unprecedented reductions in US Treasury rates. The 30 year US Treasury rate, has reduced to 1.65% from 2.39% at the end of December 2019. This has resulted in a charge of $17.9m being recognised through the income statement and has been treated as exceptional due to being outwith the control of the Group.

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 the possible resolution of the investigations by the UK Serious Fraud Office (SFO) and by the authorities in the US, Brazil and Scotland have progressed to the point where the Group now believes that it is likely to be able to settle all of the relevant matters at an aggregate cost of $196.7m. This amount, which includes the amount provided for in 2019, has been reflected as a provision in the financial statements (see notes 20 and contingent liability note 33). We anticipate that an agreement with the Scottish authorities will be finalised shortly and that the settlement of the other investigations will be finalised, subject to court approvals, during Q2 2021. It is expected that approximately $70m of the settlement amounts will be payable in 2021, with the balance payable in instalments in 2022, 2023 and 2024.

(d) 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.

(e) Retirement benefit schemes (estimate)

The value of the Group's retirement benefit schemes surplus/deficit is determined on an actuarial basis using several assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 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. The tax rate applied to the surplus of the UK scheme is 19%, on the basis that the scheme is in a technical funding deficit with commitments for future contributions and there is no expectation that the manner of any future recovery would be in the form of a refund, which would be taxed at 35%.

The majority of pension scheme assets have quoted prices in active markets. Scheme assets are revalued at least once per annum to reflect their fair value. Fair value is based on market price information. If this is not available, the most recent transaction price, revenue or earnings-based valuations using unobservable inputs may be used for level 3 investments in the fair value hierarchy.

Further details of the assumptions and measurements outlined can be seen in note 32.

Notes to the financial statements continued

(f) *Lease liability (judgement)*

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee and the contract 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 reasonably 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:

	2020	2019
Average rate £1 = $	**1.2844**	1.2773
Closing rate £1 = $	**1.3669**	1.3247

Foreign currencies

In each individual entity, transactions in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date with any exchange differences taken to the currency translation reserve.

Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Group recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and the related revenue recognition policies.

Cost reimbursable projects
Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price contacts
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 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 customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are also 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 and asbestos related income and charges. 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 buildings	25-50 years
Leasehold improvements	period of lease
Plant and equipment	3-10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the Group's policy with respect to the right of use assets.

Impairment

The Group performs impairment reviews in respect of PP&E, investment in joint ventures and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out impairment reviews in respect of goodwill, at least annually. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Impairment losses are recognised in profit or loss. They are allocated to first reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to the appropriate CGU or groups of CGUs that are expected to benefit from the synergies of the combination. The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

See note 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 with no right of offset on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are typically classified as Held to Collect.

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group has 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. 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 repayments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The 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 applies the practical expedient for short-term leases in which a lessee is permitted to make an accounting policy election not to recognise lease assets and lease liabilities for leases with a term of 12 months or less and do not include an option to purchase the underlying asset. Lease costs of short-term leases are recognised on a straight-line basis over the term of the lease term and disclosed within the consolidated financial statements. The Group believes short-term lease commitments are not materially different than the short-term lease cost for the period.

Retirement benefit scheme surplus/deficit

The Group operates a number of defined benefit and defined contribution pension schemes. The surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. The schemes are largely closed to future accrual.

The defined benefit schemes' assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit schemes surplus or deficit is recognised in full and presented on the face of the Group balance sheet.

Group management consider it appropriate to recognise the IAS 19 surplus in the Wood Pension Plan as the rules governing the scheme provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until there are no members left, as per IFRIC 14.11 (b). On a winding up scenario, any surplus would be returned to the Group.

The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

The Group operates a SERP pension arrangement in the US for certain employees. Contributions are paid into a separate investment vehicle and invested in a portfolio of US funds that are recognised by the Group in other investments with a corresponding liability in other non-current liabilities. Investments are carried at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

Provisions

Provisions are recognised where the Group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The Group has taken internal and external advice in considering known and reasonably likely legal claims made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of the directors, are 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 ('AS EAAA'), Assets Solutions Americas ('AS Americas'), Technical Consulting Solutions ("TCS") and Investment Services ("IVS").

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 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.

From 1 January 2021 our financial reporting segments will reflect the revised operating model, which consists of three global business units: Consulting, Projects and Operations. Further details are provided in the Financial Review.

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.

Government grants

The Group recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and that the grant will be received. This may be a judgemental matter, particularly when governments are introducing new programmes that may require new legislation, or for which there is little established practice for assessing whether the conditions to receive a grant are met. If the conditions are met, then the Group recognises government grants as a credit in profit or loss in line with its recognition of the expenses that the grants are intended to compensate.

During 2020, the Group generated cash savings through the use of temporary furlough schemes in the UK, Canada and Italy and deferred social security and pension payments in the US under the Coronavirus Aid, Relief and Economic Security (CARES) Act for the period March 2020 to December 2020. The deferrals of social security and pension payments amounted to approximately $50m and will be repaid over the period January 2021 to December 2022.

The Disclosure of impact of new and future accounting standards

There have been no new standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2020. Amendments to existing standards do not have a material impact on the financial statements.

Restatement of December 2019 balance sheet

The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach. During 2020, immaterial calculation and classification differences were identified that led to adjustments on the transition balances. The differences impacted the opening right-of use asset, short and long-term lease liabilities and onerous lease liabilities. These differences have been corrected at 1 January 2019 and the balance sheet has been restated. The impact on the statement of comprehensive income for the year to 31 December 2019 is not material and it has not been restated. The table below reconciles the amounts on the reported balance sheet to the restated figures now included as comparatives. As a result of the calculation differences identified, an additional $21.3m was recorded through retained earnings.

	Reported Balance Sheet 1 January 2019 $m	Prior year adjustment 2019 $m	Reclassification 2019 $m	Restated Balance Sheet 1 January 2019 $m
Right of use assets	450.6	(9.9)	-	440.7
Lease investment (included within right of use assets)	-	4.1	-	4.1
Total non-current assets	**7,720.6**	**(5.8)**	**-**	**7,714.8**
Current assets	**4,032.7**	**-**	**-**	**4,032.7**
Current lease liabilities	(141.0)	(2.2)	20.1	(123.1)
Current liabilities	**(3,870.1)**	**(2.2)**	**20.1**	**(3,852.2)**
Net current assets	**162.6**	**(2.2)**	**20.1**	**180.5**
Non-current lease liabilities	(428.0)	(6.8)	(20.1)	(454.9)
Onerous lease liabilities (included within other non-current liabilities)	(70.7)	(6.5)	-	(77.2)
Non-current liabilities	**(3,273.4)**	**(13.3)**	**(20.1)**	**(3,306.8)**
Equity adjustment on initial application of IFRS 16	(33.9)	-	-	**(33.9)**
Net assets	**4,575.9**	**(21.3)**	**-**	**4,554.6**

1 Segmental reporting

The Group operates through four segments, Asset Solutions EAAA ('AS EAAA'), Asset Solutions Americas ('AS Americas'), Technical Consulting Solutions ('TCS') and Investment Services ('IVS'). 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. Revenue is reported on an equity accounting basis and therefore revenue figures exclude joint venture revenue.

The segment information provided to the Group's Chief Executive for the operating segments for the year ended 31 December 2020 includes the following:

Reportable operating segments	Revenue (3)		Adjusted EBITDA(1)		Operating profit before exceptionals	
	Year ended 31 Dec 2020 $m	Year ended 31 Dec 2019 $m	**Year ended 31 Dec 2020 $m**	Year ended 31 Dec 2019 $m	**Year ended 31 Dec 2020 $m**	Year ended 31 Dec 2019 $m
Asset Solutions EAAA	**2,462.8**	3,147.6	**327.1**	352.7	**143.2**	164.7
Asset Solutions Americas	**2,901.6**	3,894.5	**92.4**	238.0	**(25.6)**	107.5
Technical Consulting Solutions	**2,061.3**	2,779.1	**267.6**	299.6	**168.0**	183.8
Investment Services	**138.6**	69.2	**12.8**	36.3	**7.7**	35.5
Central costs (2)	**-**	-	**(69.5)**	(71.2)	**(78.9)**	(80.5)
Total	**7,564.3**	9,890.4	**630.4**	855.4	**214.4**	411.0
Exceptional items					**(247.3)**	(107.6)
Operating (loss)/profit					**(32.9)**	303.4
Finance income					**13.4**	9.6
Finance expense					**(129.1)**	(164.3)
(Loss)/profit before taxation from continuing operations					**(148.6)**	148.7
Taxation					**(79.5)**	(75.9)
(Loss)/profit for the year from continuing operations					**(228.1)**	72.8

Notes

1. A reconciliation of operating (loss)/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. Central includes the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material.

Reconciliation of Alternative Performance Measures

	2020 $m	2019 $m
Operating (loss)/profit per income statement	**(32.9)**	303.4
Exceptional items (note 5)	**247.3**	107.6
Operating profit before exceptionals	**214.4**	411.0
Operating (loss)/profit per income statement	**(32.9)**	303.4
Share of joint venture finance expense and tax (note 12)	**8.3**	18.7
Exceptional items (note 5)	**247.3**	107.6
Amortisation (including joint ventures)	**227.7**	243.7
Depreciation (including joint ventures)	**45.4**	53.6
Depreciation of right of use assets	**134.6**	128.4
Adjusted EBITDA	**630.4**	855.4

Notes to the financial statements continued

1 Segmental reporting (continued)

Analysis of joint venture profits by segment

	Adjusted EBITDA(1)		Operating profit	
	Year ended 31 Dec 2020 $m	Year ended 31 Dec 2019 $m	**Year ended 31 Dec 2020 $m**	Year ended 31 Dec 2019 $m
Asset Solutions EAAA	**60.1**	74.7	**35.7**	60.1
Asset Solutions Americas	**7.7**	9.2	**6.2**	8.7
Technical Consulting Solutions	**-**	0.9	**-**	0.9
Investment Services	**-**	(2.8)	**-**	(2.8)
Total	**67.8**	82.0	**41.9**	66.9

Other segment items

At 31 December 2020	Asset Solutions EAAA $m	Asset Solutions Americas $m	Technical Consulting Solutions $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure						
PP&E	**3.2**	**14.7**	**3.7**	**-**	**0.6**	**22.2**
Intangible assets	**27.4**	**24.5**	**22.5**	**-**	**2.7**	**77.1**
Non-cash expense						
Depreciation	**10.2**	**18.5**	**7.8**	**-**	**2.4**	**38.9**
Depreciation of right of use assets	**42.7**	**26.6**	**44.6**	**5.1**	**6.4**	**125.4**
Amortisation	**107.0**	**70.3**	**47.2**	**-**	**1.0**	**225.5**
Exceptional items (non-cash element)	**12.2**	**7.8**	**1.4**	**-**	**183.7**	**205.1**

At 31 December 2019	Asset Solutions EAAA $m	Asset Solutions Americas $m	Technical Consulting Solutions $m	Investment Services $m	Unallocated $m	Total $m
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
Depreciation of right of use assets	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

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 $6.5m (2019: $7.1m), depreciation in respect of joint venture right of use assets totals $9.2m (2019: $5.4m) and joint venture amortisation amounts to $2.2m (2019: $1.3m).

	Non-current assets		Revenue	
Geographical segments	**2020 $m**	2019 $m	**2020 $m**	2019 $m
United Kingdom	**864.9**	1,132.0	**714.8**	1,156.2
United States of America	**3,868.8**	3,632.9	**3,585.5**	4,602.5
Canada	**742.7**	754.7	**534.0**	638.6
Australia	**182.1**	168.9	**345.1**	491.6
Kuwait	**164.7**	166.9	**211.4**	273.1
Kazakhstan	**19.5**	32.5	**83.4**	163.6
Saudi Arabia	**90.6**	98.8	**142.7**	235.7
Rest of the world	**1,066.7**	1,138.4	**1,947.4**	2,329.1
	7,000.0	7,125.1	**7,564.3**	9,890.4

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.

Primary geographical market	AS EAAA 2020 $m	AS EAAA 2019 $m	AS Americas 2020 $m	AS Americas 2019 $m	TCS 2020 $m	TCS 2019 $m	IVS 2020 $m	IVS 2019 $m	Total 2020 $m	Total 2019 $m
USA	-	-	**2,561.0**	3,403.6	**988.3**	1,180.9	**36.2**	18.0	**3,585.5**	4,602.5
Europe	**916.7**	1,194.4	-	-	**329.0**	640.8	**84.0**	25.9	**1,329.7**	1,861.1
Rest of the world	**1,546.1**	1,953.2	**340.6**	490.9	**744.0**	957.4	**18.4**	25.3	**2,649.1**	3,426.8
Revenue	**2,462.8**	3,147.6	**2,901.6**	3,894.5	**2,061.3**	2,779.1	**138.6**	69.2	**7,564.3**	9,890.4
Major service lines										
Renewables & other energy	**96.3**	548.4	**1,203.8**	1,009.2	**561.9**	834.8	**88.2**	69.2	**1,950.2**	2,461.6
Process & chemicals	**716.0**	935.4	**859.1**	1,197.1	**87.6**	138.7	-	-	**1,662.7**	2,271.2
Conventional	**1,431.2**	1,663.8	**804.3**	1,688.2	**265.5**	411.2	-	-	**2,501.0**	3,763.2
Built Environment	**219.3**	-	**34.4**	-	**1,146.3**	1,394.4	**50.4**	-	**1,450.4**	1,394.4
Revenue	**2,462.8**	3,147.6	**2,901.6**	3,894.5	**2,061.3**	2,779.1	**138.6**	69.2	**7,564.3**	9,890.4

The Group's revenue is largely derived from the provision of services over time.

Revenue in 2020 included $5,062.5m (67%) (2019: $6,967.5m, 70%) from reimbursable contracts and $2,501.8m (33%) (2019: $2,922.9m, 30%) 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.

	2020 $m	2019 $m
Trade receivables	**646.9**	943.5
Non-current contract assets	**111.3**	-
Gross amounts due from customers	**638.6**	962.8
Gross amounts due to customers	**(203.2)**	(480.5)
	1,193.6	1,425.8

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 reduced activity caused by the impact of Covid-19 and oil price volatility. There have been no instances of material default by our customers as a result of the current market conditions. The decrease in gross amounts due to customers relates to the unwinding of advance payments from a major contract in the ASA business during 2020.

Non-current contract assets of $111.3m includes $94.1m of gross amounts due from customers and $17.2m of trade receivables in relation to the Aegis contract as at 31 December 2020. The corresponding balances as at 31 December 2019 amounted to $61.5m and were deemed to be current and therefore included in current trade receivables ($12.7m) and gross amounts due from customers ($48.8m). The increase in the non-current contract assets is mainly due to progress on the Aegis Poland contract and the process of quantifying and submitting change orders for approval. The Group's current estimate is that these will not be settled until 2023 at the earliest. Refer to note 20 for further details of the estimation resulting in this balance.

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers are included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2020 which was included in gross amounts due to customers at the beginning of the year of $480.5m represents amounts included within contract liabilities at 1 January 2020. Revenue recognised from performance obligations satisfied in previous periods of $41.1m represents revenue recognised in 2020 for performance obligations which were considered operationally complete at 31 December 2019.

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 2020 was as follows:

$m	Year 1	Year 2	Total
Revenue	2,985.5	1,470.4	**4,455.9**

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.

Notes to the financial statements continued

3 Finance expense/(income)

	2020 $m	2019 $m
Interest payable on senior loan notes	**38.0**	28.5
Interest payable on borrowings	**33.3**	63.0
Amortisation of bank facility fees	**3.9**	3.9
Unwinding of discount on deferred and contingent consideration liabilities (note 19)	**0.2**	0.4
Unwinding of discount on asbestos provision	-	9.7
Unwinding of discount on other liabilities	**0.4**	2.2
Lease interest (note 11)	**30.1**	28.2
Other interest expense	**15.2**	28.4
Finance expense – continuing operations	**121.1**	164.3
Unwinding of discount on asbestos provision (note 5)	**8.0**	-
Finance expense - total	**129.1**	164.3
Interest on uncertain tax provisions	**(4.9)**	-
Interest receivable	**(3.6)**	(3.9)
Interest income – retirement benefit obligations (note 32)	**(3.8)**	(5.7)
Lease interest on lease investment	**(1.1)**	-
Finance income	**(13.4)**	(9.6)
Finance expense – total – net	**115.7**	154.7

Net interest expense of $3.5m (2019: $5.9m) has been deducted in arriving at the share of post-tax profit from joint ventures.

The unwinding of discount on the asbestos provision is $8.0m (2019: $9.7m) and includes the unwinding of discount on long-term asbestos receivables (note 20). This is presented within exceptional items in line with the Group's updated policy. The 2019 charge is shown in Finance expense from continuing operations.

4 Profit before taxation

	2020 $m	2019 $m
The following items have been charged/(credited) in arriving at profit before taxation :		
Employee benefits expense (note 31)	**3,399.9**	4,441.9
Amortisation of intangible assets (note 9)	**225.5**	242.4
Depreciation of property plant and equipment (note 10)	**38.9**	46.5
Depreciation of right of use assets (note 11)	**125.4**	123.0
Loss/(gain) on disposal of property plant and equipment	**8.0**	(1.9)
Foreign exchange losses	**4.0**	0.7

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:

	2020 $m	2019 $m
Fees payable to the Group's auditors and its associate firms for		
Audit of parent company and consolidated financial statements	**4.8**	4.4
Audit of financial statements of subsidiaries of the Company	**1.7**	2.3
Audit related assurance services	**0.5**	0.4
Tax and other services	**0.1**	0.1
	7.1	7.2

The ratio of audit related services to other non-audit services is 1: 0.09.

5 Exceptional items

	2020 $m	2019 $m
Exceptional items included in continuing operations		
(Gain)/loss on sale of business (see note 30)	**(59.1)**	9.4
Impairment losses on non-core business	**20.1**	-
Redundancy, restructuring and integration costs	**100.8**	41.7
Investigation support costs and provisions	**161.6**	56.5
Asbestos yield curve and fees	**19.8**	-
GMP equalisation	**4.1**	-
Continuing operations exceptional items, before interest and tax	**247.3**	107.6
Unwinding of discount on asbestos provision	**8.0**	-
Tax charge in relation to exceptional items	**0.7**	19.5
Derecognition of deferred tax assets due to UK pension actuarial loss	**27.3**	-
Continuing operations exceptional items, net of interest and tax	**283.3**	127.1

The gain on sale of business mainly relates to the disposals of the nuclear, industrial services and YKK businesses and our interest in the TransCanada Turbines joint venture totaling $59.1m.

A gain of $56.7m has been recognised on completion of the sale of Wood's nuclear business. Proceeds of $292.5m (net of cash disposed) were received compared to the net book value of $232.2m which included an allocation of goodwill and intangible assets arising on the AFW acquisition of $233.9m, and costs relating to the disposal of $3.0m. In addition, as the nuclear business was a GBP functional currency entity, a cumulative foreign currency translation loss of $0.6m has been recognised through the income statement.

A gain of $1.7m has been recognised in relation to the sale of Wood's industrial services business. Proceeds of $101.8m (net of cash disposed) were received compared to the net book value of $76.1m which included goodwill and intangible assets arising on the original acquisition of the business in 2013 of $26.6m. In addition, as the industrial services business was a GBP functional currency entity, a cumulative foreign currency translation loss of $16.7m has been recognised through the income statement as required by IAS 21. Costs of $2.7m relating to the disposal were incurred and a provision of $4.6m has been made for future obligations.

The remaining gain of $0.7m mainly relates to the disposal of our interest in the TransCanada Turbines joint venture.

Impairment losses recognised during the year mainly relate to the Group's strategic decision to exit YKK, our Kazakh provider of training and related services. The net asset value, including goodwill, was written down in the first half of 2020 by $16.0m to $1.5m to match the anticipated net proceeds from the disposal. The disposal was completed in the second half with no further impact.

During the year to 31 December 2020, $100.8m (including $8.0m by joint ventures) was incurred in relation to redundancy, restructuring and integration. These costs relate to the restructuring work which commenced during 2019 with the creation of the TCS business unit and the margin improvement programmes to achieve the Group's medium-term strategic objective to deliver 100 basis points margin improvement. These initiatives were already in progress prior to the impact of the Covid-19 pandemic and volatility in oil price to reduce the Group's cost base, improve operational efficiency and drive improved margins. Some of the actions have been amplified in response to the pandemic and the lower oil price environment but the costs taken as exceptional are incurred to bring about sustainable improvements in the Group's cost base. The broader impact of Covid-19 and oil price volatility on activity levels are reflected in the Group's operating performance.

During the year to 31 December 2020, $161.6m was charged in relation to investigation support costs and provisions. The provision was increased to $196.7m from $46.0m. In addition, costs of $10.9m were incurred in relation to legal and other support costs associated with the ongoing investigations. Discussions concerning the possible resolution of the investigation by the UK Serious Fraud Office (SFO) and by the authorities in the US, Brazil and Scotland have progressed to the point where the Group now believes that it is likely to be able to settle all of the relevant matters at an aggregate cost of $196.7m. This amount, which includes the amount provided for in 2019, has been reflected as a provision in the financial statements (see note 20 and contingent liability note 33). We anticipate that an agreement with the Scottish authorities will be finalised shortly and that the settlement of the other investigations will be finalised, subject to court approvals, during Q2 2021. It is expected that approximately $70m of the settlement amounts will be payable in 2021, with the balance payable in instalments in 2022, 2023 and 2024.

Since the acquisition of AFW, asbestos related costs have not always been treated as exceptional items, with a judgement made on individual elements based on materiality. Going forward, all asbestos costs are treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are outwith the Group's control. Excluding these charges from the trading results will improve the understandability of the underlying trading performance of the Group. The total charge of $27.8m in 2020 mainly relates to a $17.9m (2019: $8.9m) yield curve charge, $8.0m (2019: $9.7m) of interest costs which relate to the unwinding of discount on the asbestos provision and $1.9m (2019: $0.9m) of charges in relation to managing the claims. The 2019 yield curve charge and claims management fees were included in EBITDA and the 2019 interest cost was included within finance expenses. The extreme market conditions seen in 2020 have led to unprecedented reductions in US treasury yields. The 30-year US Treasury rate, has reduced to 1.65% from 2.39% at the end of December 2019 and led to the income statement charge of $17.9m above.

5 Exceptional items (continued)

A court judgement passed in November 2020, provided further clarity in respect of Guaranteed Minimum Pension ('GMP') equalisation in relation to UK defined benefit pension schemes following the original court ruling in October 2018. The Court ruled in favour of uplifting historical transfer values to include those who transferred out between May 1990 and April 1997. Consequently, the Group has recognised a $4.1m exceptional charge in the year representing the increase in its UK defined benefit scheme liabilities arising from the case.

An exceptional tax charge of $28.0m (2019: $19.5m) has been recorded in the period reflecting an impairment of deferred tax assets ($27.3m) in the income statement arising from a reduction in deferred tax assets through other comprehensive income due to the UK pension actuarial loss and charges of $0.7m on pre-tax exceptional items.

6 Taxation

	2020 $m	2019 $m
Current tax		
Current year	**55.8**	100.4
Adjustment in respect of prior years	**(27.5)**	(11.3)
	28.3	89.1
Deferred tax		
Origination and reversal of temporary differences	**52.6**	(25.6)
Adjustment in respect of prior years	**(1.4)**	12.4
	51.2	(13.2)
Total tax charge	**79.5**	75.9
Comprising		
Tax on continuing operations before exceptional items	**51.5**	56.4
Tax charge in relation to exceptional items (note 5)	**0.7**	19.5
Derecognition of deferred tax assets due to UK pension actuarial loss (note 5)	**27.3**	-
Total tax charge	**79.5**	75.9

Tax credited to other comprehensive income/expense	**2020 $m**	2019 $m
Deferred tax movement on retirement benefit liabilities	**(36.8)**	(6.8)
Tax on derivative financial instruments	**(1.6)**	(1.4)
Total credited to other comprehensive income/expense	**(38.4)**	(8.2)

Tax charged/(credited) to equity	**2020 $m**	2019 $m
Deferred tax relating to share option schemes	**-**	4.1
Deferred tax impact of rate change	**1.3**	(0.3)
Other	**0.7**	(0.7)
Total charged to equity	**2.0**	3.1

Tax payments differ from the current tax charge primarily due to the time lag between tax charge and payments in most jurisdictions and movements in uncertain tax provisions differing from the timing of any related payments.

6 Taxation (continued)

Reconciliation of applicable tax charge at statutory rates to tax charge	2020 $m	2019 $m
(Loss)/profit before taxation from continuing operations	**(148.6)**	148.7
Less: Share of post-tax profit from joint ventures (note 12)	**(33.6)**	(48.2)
(Loss)/profit before taxation from continuing operations (excluding profits from joint ventures)	**(182.2)**	100.5
Applicable tax charge at statutory rates	**(28.7)**	15.1
Effects of:		
Non-deductible expenses	**16.5**	12.7
Non-taxable income	**(6.3)**	(2.1)
Non-deductible expenses - exceptional	**28.1**	27.9
Non-taxable income - exceptional	**(5.4)**	(1.5)
Deferred tax recognition:		
Recognition of deferred tax assets not previously recognised	**-**	(16.5)
Utilisation of tax assets not previously recognised	**(4.5)**	(29.7)
Current year deferred tax assets not recognised	**47.1**	31.9
Write off of previously recognised deferred tax assets	**25.8**	0.8
Derecognition of deferred tax assets due to UK pension loss - exceptional	**27.3**	-
Irrecoverable withholding tax	**16.4**	18.7
Additional US taxes	**-**	9.8
CFC charges	**1.8**	2.2
Uncertain tax provisions	**5.1**	5.0
Uncertain tax provisions – prior year adjustments	**(16.1)**	(22.6)
Uncertain tax provisions – prior year adjustments - exceptional	**1.8**	(1.5)
Prior year adjustments	**(14.3)**	4.2
Prior year adjustments - exceptional	**1.4**	21.0
Impact of change in rates on deferred tax	**(2.0)**	0.5
US CARES Act	**(14.5)**	-
Total tax charge	**79.5**	75.9

The weighted average of statutory tax rates was 15.8% in 2020 (2019: 15.0%).

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. It also includes a reassessment of the Base Erosion and Anti-abuse Tax ('BEAT') in the US following the release of final regulations of $13.9m.

The write off of previously recognised deferred tax assets reflects lower forecast profits when compared to the expectation at 31 December 2019. In terms of jurisdictions, the most significant impact is in the US which represents $16.7m of the adjustment.

During the year, the UK defined benefit pension fund asset on the Wood Pension Plan decreased due to actuarial losses of $184.5m, resulting in the associated deferred tax liability decreasing, with a credit shown in Other Comprehensive Income. The deferred tax liability supported the recognition of deferred tax assets, and as a result $27.3m has been derecognised and a corresponding charge recognised in the profit and loss account. This has been classified as exceptional due to its size and unusual nature (note 5).

Net income tax liabilities in the Group balance sheet include $140.8m (2019: $149.7m) 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 ($52.0m, 2019: $51.9m), group financing ($30.1m, of which $9.1m relates to deferred tax, 2019: $33.0m) and transfer pricing and tax residence ($11.8m, 2019: $22.2m). 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, $71.9m 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 2021. Of the balance, $9.1m will become statute barred for tax authority audit during 2021 if the tax authorities do not commence an audit.

The US CARES Act adjustment relates to the US response to Covid-19 which has allowed for the recovery of $14.5m of Alternative Minimum Tax which was not recognised as an asset on the balance sheet.

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 outlines key factors that may impact on future tax charges.

During his election campaign the new President of the United States indicated that he would make changes to the US corporate tax system that may impact on future tax profile of the Group, the most significant of which are:

A proposal to increase the Federal rate of tax in the US from 21% to 28%. In the short-term the impact this will have on the tax charge would be a reduction in the tax rate due to an increase in the value of the net deferred tax asset held on the balance sheet in relation to the US.

A proposal to reintroduce a minimum tax of 15% in the US for companies with net income of more than $100m. As a result, if the Group is using losses in the US it will still pay cash tax if the current year profits are over $100m. The minimum tax is recoverable against future tax payable when losses do not cover all taxable profits. Whether such an asset could be recognised would depend on the detailed legislation and guidance, and the tax profile of the US group at the time the minimum tax is introduced.

During 2020 the actuarial loss in relation to the UK pension fund has resulted in a derecognition of deferred tax assets previously supported by the deferred tax liability related to the pensions asset. Whilst the movement in the deferred tax liability is taken to Other Comprehensive Income, the derecognition of assets as a result is taken to the Income Statement. The future tax charge will therefore be impacted by movements in the pension asset valuation with actuarial gains increasing deferred tax asset recognition and actuarial losses decreasing recognition. The deferred tax liability in relation to the UK pension fund at 31 December 2020 is $35.8m.

We anticipate that Governments will take action including tax changes to fund the expenditure incurred in relation to Covid-19. We also anticipate that tax authorities may be more aggressive in their audits, and as a result of both of these factors we may see an increase in future tax charges.

The UK Government announced its budget on 3 March 2021, which included a rise in the rate of Corporation Tax from 19% to 25% from 1 April 2023. The increase is not reflected in the accounts as it was not substantively enacted at the balance sheet date. In the short-term we do not anticipate this impacting on the tax charge as the UK deferred tax assets are recognised to the level of deferred tax liabilities. However, the tax charge and cash tax payable is likely to increase from the 2023 year end onwards as a result of the rate rise. The UK Government also announced an investment in HM Revenue & Customs with an expectation of increasing tax collected from tax audits by £1.3bn per annum by 2022.

During 2020 as part of the US Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Group has been able to identify $14.5m of Alternative Minimum Tax that can be recovered which was previously not recognised. This is a one-off benefit not expected to recur.

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

	2020 $m	2019 $m
Dividends on ordinary shares		
Final 2019 dividend paid: nil cents per share (Final 2018: 23.7 cents)	-	159.0
Interim 2020 dividend paid: nil cents per share (Interim 2019: 11.4 cents)	-	76.5
	-	235.5

The directors withdrew their proposed 2019 final dividend payment of $160.4m (23.9 cents per share) to protect cashflows and preserve long-term value of the Group. No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

8 Earnings per share

	2020			2019		
	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	**53.8**	**672.5**	**8.0**	199.1	670.9	29.7
Exceptional items, net of tax	**(283.3)**	**-**	**(42.1)**	(127.1)	-	(19.0)
Basic	**(229.5)**	**672.5**	**(34.1)**	72.0	670.9	10.7
Effect of dilutive ordinary shares	**-**	**-**	**-**	-	15.8	(0.2)
Diluted	**(229.5)**	**672.5**	**(34.1)**	72.0	686.7	10.5
Adjusted diluted earnings per share calculation						
Basic	**(229.5)**	**672.5**	**(34.1)**	72.0	670.9	10.7
Effect of dilutive ordinary shares	-	**-**	-	-	15.8	(0.2)
	(229.5)	**672.5**	**(34.1)**	72.0	686.7	10.5
Exceptional items, net of tax	**283.3**	-	**42.1**	127.1	-	18.5
Amortisation related to acquisitions, net of tax	**102.2**	**-**	**15.2**	117.1	-	17.0
Adjusted diluted	**156.0**	**672.5**	**23.2**	316.2	686.7	46.0
Adjusted basic	**156.0**	**672.5**	**23.2**	316.2	670.9	47.1

As the Group has reported a basic loss (2019: earnings) per ordinary share, any potential ordinary shares that are dilutive are excluded (2019: included) in the calculation of diluted earnings per share. These options could potentially dilute earnings per share in future periods. In accordance with IAS 33, the same weighted average number of shares has been used to calculate the adjusted EPS measures and as the unadjusted result is a loss, the dilutive effects have not been taken into account in this calculation. Had the result been a profit, an additional 20.8m dilutive potential shares would have been used in the calculation of diluted EPS metrics, which would have reduced the adjusted diluted EPS by 0.7 cents.

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.

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 2020	5,209.7	303.5	814.5	183.1	658.4	7,169.2
Exchange movements	76.8	13.7	8.1	1.8	6.7	107.1
Additions	-	77.1	-	-	-	77.1
Disposals	-	(69.9)	-	-	-	(69.9)
Businesses divested (note 30)	(20.1)	(0.8)	(0.4)	-	(0.7)	(22.0)
At 31 December 2020	**5,266.4**	**323.6**	**822.2**	**184.9**	**664.4**	**7,261.5**
Amortisation and impairment						
At 1 January 2020	0.8	203.2	481.6	109.8	74.8	870.2
Exchange movements	-	12.9	4.1	1.4	1.5	19.9
Amortisation charge	-	99.8	56.4	37.1	32.2	225.5
Impairment	9.1	-	-	-	-	9.1
Disposals	-	(69.9)	-	-	-	(69.9)
Businesses divested (note 30)	(9.1)	(0.7)	0.4	-	(0.1)	(9.5)
At 31 December 2020	**0.8**	**245.3**	**542.5**	**148.3**	**108.4**	**1,045.3**
Net book value at 31 December 2020	**5,265.6**	**78.3**	**279.7**	**36.6**	**556.0**	**6,216.2**
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	(33.1)	(0.6)	-	-	(7.0)	(40.7)
Reclassed as held for sale	(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	-	(0.5)	-	-	(0.5)	(1.0)
Reclassed as held for sale	-	(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**

The carrying value of software held under deferred payment arrangements at 31 December 2020 was $0.1m (2019: $3.8m). There were no additions to software held under deferred payment arrangements during the year (2019: $nil).

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out by Cash Generating Unit ('CGU') as at 31 December 2020 (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.

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 2021 and 2022. The forecasts are 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 2020 impairment test were in the range of -28% to 43% (2019: 7% to 15%). The wider range of EBITDA growth rate assumptions used in the 2020 impairment test compared with 2019 is reflective of the Group's expectation that following recent market challenges in the wake of the Covid-19 pandemic, activity levels will take longer to recover in parts of the business which have a greater correlation to the oil and gas sector, while other areas such as renewables and the built environment will remain robust.

9 Goodwill and other intangible assets (continued)

The growth rates assumed from 2023 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 and sectors in which the CGUs operate. The Group is well placed to benefit from the significant long-term growth opportunities from Energy Transition, which has been considered in determining long-term growth rates. The long-term growth rates assumed in the model are 2.8% for EAAA (2019: 3%); 2.4% for ASA (2019: 2%); and 2.4% (2019: 2.4%) for TCS.

The cash flows have been discounted using discount rates appropriate for each CGU, and these rates are reviewed for each impairment review performed. The discount rate is a critical assumption in the impairment test and the significant volatility in financial markets has led to reductions in the risk-free rate being used in the calculation. The Group have considered the additional specific risks related to each business such as country risk and forecasting risk. The updated impairment model reflects the uncertainties caused by the current economic environment. However, this is offset by the fact the Group now has greater visibility over the synergies achieved by the formation of TCS and some legacy contract execution issues in ASA.

The pre-tax rates used for the 2020 review are as follows: 11.3% for Asset Solutions EAAA (2019: 11.3%), 10.4% for Asset Solutions Americas (2019: 11.5%) and 11.1% (2019: 12.1%) for Technical Consulting Solutions (the equivalent post-tax rates are 10.0%, 9.2% and 9.7% respectively) (2019: 9.4%, 9.4% and 10.0% 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.

Cash Generating Unit	**Goodwill carrying value 2020 Test date $m**	Goodwill carrying value 2019 Test date $m
Asset Solutions EAAA	2,097.8	2,005.3
Asset Solutions Americas	1,811.7	1,800.6
Technical Consulting Solutions	1,356.1	1,308.9

The carrying values of the corporate assets that were not allocated to the above cash generating units above were $80m (2019: $45m) and were tested for impairment at the group level, taking into account the estimates and assumptions discussed above in respect of the Group's cash generating units.

The headroom on Asset Solutions EAAA based on the assumptions above was $222m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review.

- A 1.0% reduction in the long-term growth rate would result in an impairment of $60m and a 0.75% decrease in the long-term growth rate would result in headroom being reduced to $nil.
- A 1.0% increase in the discount rate would result in an impairment of $79m and a 0.8% increase would result in headroom being reduced to $nil.
- A 0.75% reduction in EBITDA margin in 2022 would reduce headroom to $nil.

The headroom on Asset Solutions Americas based on the assumptions above was $218m. A sensitivity analysis has been performed assuming the impact of reasonably possible changes to the assumptions used in the impairment review.

- A 1.0% reduction in the long-term growth rate would result in an impairment of $167m and a 0.25% reduction in the long-term growth rate would result in headroom being to reduced to $nil.
- A 1.0% increase in the discount rate would result in an impairment of $92m and a 0.6% increase in the discount rate would result in headroom of $nil.
- A 0.65% *reduction in EBITDA margin in 2022 would reduce headroom* to *$nil.*

Reasonably possible changes in the critical assumptions did not identify any potential impairments for Technical Consulting Solutions.

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 $21.6m at 31 December 2020 (2019: $18.2m). $8.5m (2019: $10.4m) 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.

The businesses divested during the year related to the nuclear and industrial services businesses, which were both classified as held for sale as at 31 December 2019 and YKK which was disposed of during the second half of 2020. The incremental movements in the businesses divested line mainly relate to movements in foreign exchange revaluation and the additional goodwill that was disposed of in relation to YKK. Goodwill of $221.9m was allocated to businesses disposed of during the year, of which $210.9m was classified as held for sale at December 2019. Other intangibles with a total book value of $38.6m were allocated to the businesses disposed of during the year, of which $37.1m was classified as held for sale at December 2019.

A goodwill impairment charge of $9.1m was recognised upon disposal of the YKK business during the year. The business was acquired a number of years ago and residual goodwill was deemed to be impaired on disposal.

10 Property plant and equipment

	Land and Buildings $m	Plant and equipment $m	Total $m
Cost			
At 1 January 2020	91.2	187.5	278.7
Exchange movements	(2.9)	(3.9)	(6.8)
Additions	2.1	20.1	22.2
Disposals	(22.3)	(34.2)	(56.5)
Reclassifications	(5.0)	5.0	-
At 31 December 2020	**63.1**	**174.5**	**237.6**
Accumulated depreciation and impairment			
At 1 January 2020	36.7	77.7	114.4
Exchange movements	(3.2)	(4.1)	(7.3)
Charge for the year	9.9	29.0	38.9
Disposals	(13.6)	(28.1)	(41.7)
Reclassifications	(1.6)	1.6	-
Impairment	3.0	3.9	6.9
At 31 December 2020	**31.2**	**80.0**	**111.2**
Net book value at 31 December 2020	**31.9**	**94.5**	**126.4**
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**

The net book value of Land and Buildings includes $12.5m (2019: $30.6m) of Long Leasehold and Freehold property and $19.4m (2019: $23.9m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2020.

11 Leases

Right of use assets	Land and Buildings $m	Plant and equipment $m	Total $m
Net book value			
At 1 January 2020	391.4	20.7	412.1
Reclassification	(4.1)	-	(4.1)
Exchange movements	8.7	0.5	9.2
Additions	100.7	29.8	130.5
Disposals	(12.0)	(0.2)	(12.2)
Impairment	(1.2)	-	(1.2)
Depreciation of right of use assets	(103.0)	(22.4)	(125.4)
At 31 December 2020	**380.5**	**28.4**	**408.9**
Lease liabilities			
At 1 January 2020	546.2	37.1	583.3
Exchange movements	8.5	0.8	9.3
Additions	86.5	38.0	124.5
Disposals	(17.2)	(0.2)	(17.4)
Interest expense related to lease liabilities	28.4	1.7	30.1
Repayment of lease liabilities	(165.7)	(22.7)	(188.4)
At 31 December 2020	**486.7**	**54.7**	**541.4**
Right of use assets			
Net book value			
At 1 January 2019 (restated)	415.6	25.1	440.7
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)
Lease investment	4.1	-	4.1
At 31 December 2019 (restated)	**391.4**	**20.7**	**412.1**
Lease liabilities			
At 1 January 2019 (restated)	576.6	36.4	613.0
Exchange movements	1.4	0.1	1.5
Additions	105.9	23.1	129.0
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	(141.5)	(24.1)	(165.6)
At 31 December 2019 (restated)	**546.2**	**37.1**	**583.3**

11 Leases (continued)

The Group has finance leases liabilities totalling $21.1m (2019: $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:

	2020 $m	2019 $m
Current lease liability	**133.4**	142.0
Non-current lease liability	**408.0**	441.3
Total lease liability	**541.4**	583.3

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	$m	$m
Depreciation charge for right of use assets		
Property	**103.0**	101.1
Plant and equipment	**22.4**	21.9
Charged to operating profit	**125.4**	123.0
Interest expense related to lease liabilities	**30.1**	28.2
Interest income on lease investment	**(1.1)**	-
Charge to profit/(loss) before taxation for leases	**154.4**	151.2

The Group leases real estate, including land, buildings and warehouses, machinery/equipment, vehicles and IT equipment. The right of use assets generates cash flows as part of the cash generating units disclosed in note 9. The majority of the lease liability relates to real estate with leases generally entered into for fixed periods of up to five years, unless of strategic importance to the Group. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

The 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").

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 and other investments

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG (Repair & Overhauls) Limited. The Group considers these to be joint arrangements on the basis that two or more parties have joint control, which is defined as the contractually agreed sharing of control and exists only when decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties sharing control. The Group has a 51% shareholding in EthosEnergy, a provider of rotating equipment services and solutions to the power, oil and gas and industrial markets. *EthosEnergy is 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%)**	
	2020 $m	2019 $m	**2020 $m**	2019 $m
Non-current assets	**126.8**	138.7	**70.5**	53.4
Current assets	**465.7**	548.9	**126.6**	123.4
Current liabilities	**(293.8)**	(334.3)	**(75.0)**	(61.1)
Non-current liabilities	**(76.2)**	(93.0)	**(6.1)**	(3.3)
Net assets	**222.5**	260.3	**116.0**	112.4
Wood Group share	**113.5**	132.8	**58.0**	56.2
Accumulated impairments and other adjustments	**(67.2)**	(94.4)	**-**	-
Wood Group investment	**46.3**	38.4	**58.0**	56.2
Revenue	**783.2**	946.3	**216.3**	215.1
Cost of sales	**(656.5)**	(810.1)	**(160.2)**	(153.7)
Administrative expenses	**(96.8)**	(102.2)	**(31.4)**	(31.0)
Exceptional items	**(12.2)**	(2.6)	**-**	-
Operating profit	**17.7**	31.4	**24.7**	30.4
Finance expense	**(5.9)**	(10.8)	**(0.8)**	(0.4)
Profit before tax	**11.8**	20.6	**23.9**	30.0
Tax	**3.7**	(2.2)	**(3.6)**	(6.0)
Post-tax profit from joint ventures	**15.5**	18.4	**20.3**	24.0
Wood Group share	**7.9**	9.4	**10.2**	12.0

Cash and cash equivalents amounted to $71.7m (2019: $63.0m) and $4.3m (2019: $1.7m) for EthosEnergy and RWG respectively.

Depreciation amounted to $16.9m (2019: $4.6m) and $4.2m (2019: $2.0m) for EthosEnergy and RWG respectively.

Amortisation amounted to $1.0m (2019: $nil) and $2.8m (2019: $2.6m) for EthosEnergy and RWG respectively.

EthosEnergy's net borrowings, at 31 December 2020 amounted to $43.3m (2019: $92.7m).

RWG had net cash at 31 December 2020 of $5.6m (2019: borrowings $4.3m).

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to $62.9m at 31 December 2020 (2019: $73.7m).

Notes to the financial statements continued

12 Investment in joint ventures and other investments (continued)

The Group's share of its joint venture income and expenses is shown below.

	2020 $m	2019 $m
Revenue	**798.2**	1,106.8
Cost of sales	**(663.5)**	(947.4)
Administrative expenses	**(84.8)**	(91.2)
Exceptional items	**(8.0)**	(1.3)
Operating profit	**41.9**	66.9
Net finance expense	**(3.5)**	(5.9)
Profit before tax	**38.4**	61.0
Tax	**(4.8)**	(12.8)
Share of post-tax profit from joint ventures	**33.6**	48.2

The movement in investment in joint ventures is shown below.

	2020 $m	2019 $m
At 1 January 2020	**168.3**	168.2
Exchange movements on retranslation of net assets	**0.5**	2.7
Additional investment in joint ventures	**-**	0.8
Share of profit after tax	**33.6**	48.2
Dividends received	**(29.6)**	(43.0)
Impairment of joint ventures	**(0.7)**	(1.3)
Reclassifications of amounts due from joint ventures	**-**	54.5
Transferred to assets held for sale	**-**	(61.8)
Disposals (note 30)	**(3.4)**	-
At 31 December 2020	**168.7**	168.3

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 $3.4m disposal relates to movements on a joint venture investment in the year and other non core joint venture disposals completed during 2020.

A full list of subsidiary and joint venture entities is included in note 36.

Other investments

Other investments of $79.8m (2019: $81.4m) relate to the US SERP defined contribution scheme 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

	2020 $m	2019 $m
Materials	**3.9**	3.5
Work in progress	**0.1**	1.4
Finished goods and goods for resale	**7.9**	9.6
	11.9	14.5

14 Trade and other receivables

	2020 $m	2019 $m
Trade receivables	**741.7**	1,034.6
Less: provision for impairment of trade receivables	**(94.8)**	(91.1)
Trade receivables – net	**646.9**	943.5
Gross amounts due from customers	**638.6**	962.8
Prepayments	**106.8**	161.1
Amounts due from joint ventures	**18.0**	26.9
Asbestos related insurance recoveries	**18.8**	16.2
Research and development credits	**102.7**	94.1
Other receivables	**166.8**	101.4
Trade and other receivables – current	**1,698.6**	2,306.0
Long term receivables – asbestos related insurance recoveries	**61.9**	75.1
Long term receivables – other	**125.1**	20.6
Total receivables	**1,885.6**	2,401.7

As at 31 December 2020 the Group had received $190.0m (2019: $198.4m) 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.

Included within other long-term receivables of $125.1m (2019: $20.6m) are contract assets of $111.3m (2019: $nil) in relation to the Aegis contract (note 20).

Financial assets

	2020 $m	2019 $m
Restricted cash	**12.5**	-
Derivative financial instruments (note 19)	**8.2**	10.1
	20.7	10.1

The restricted cash balance of $12.5m (2019: $nil) represents cash held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure (see note 29) on the basis that it meets the definition of cash, albeit is not readily available to the Group.

14 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

31 December 2020	Trade receivables - Gross $m	Provision for impairment $m	Trade receivables - Net $m	Receivable days
Asset Solutions EAAA	**292.0**	**(51.5)**	**240.5**	**58**
Asset Solutions Americas	**131.2**	**(13.3)**	**117.9**	**42**
Technical Consulting Solutions	**275.6**	**(11.7)**	**263.9**	**80**
Investment Services	**42.9**	**(18.3)**	**24.6**	**253**
Total Group	***741.7***	***(94.8)***	***646.9***	***62***

31 December 2019	Trade receivables - Gross $m	Provision for impairment $m	Trade receivables - Net $m	Receivable days
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

Receivable days are calculated by allocating the closing trade receivables and gross amounts due from customers balances to current revenue. A receivable days calculation of 62 indicates that closing trade receivables represent the most recent 62 days of revenue.

The ageing of the provision for impairment of trade receivables is as follows:

	2020 $m	2019 $m
Up to 3 months	**3.9**	1.4
Over 3 months	**90.9**	89.7
	94.8	91.1

14 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

2020	Asset Solutions EAAA $m	Asset Solutions Americas $m	Technical Consulting Solutions $m	Investment Services $m	Total $m
At 1 January	**41.6**	**14.8**	**15.9**	**18.8**	**91.1**
Exchange movements	**3.1**	**(0.3)**	**0.5**	**0.8**	**4.1**
Provided during year	**9.5**	**7.4**	**-**	**-**	**16.9**
Utilised during year	**(1.8)**	**(0.8)**	**(0.2)**	**-**	**(2.8)**
Released during year	**(1.8)**	**(7.8)**	**(4.6)**	**(1.3)**	**(15.5)**
Disposed during year	**0.9**	**-**	**0.1**	**-**	**1.0**
At 31 December	**51.5**	**13.3**	**11.7**	**18.3**	**94.8**
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

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of $741.7m above (2019: $1,034.6m) and gross amounts due from customers of $638.6m (2019: $962.8m) are contract assets of $240.4m (2019: $300.8m) 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:

	2020 $m	2019 $m
Up to 3 months overdue	**93.4**	153.3
Over 3 months overdue	**147.0**	147.5
	240.4	300.8

The above analysis excludes retentions relating to contracts in progress of $106.4m (2019: $121.8m).

15 Cash and cash equivalents

	2020 $m	2019 $m
Cash at bank and in hand	**565.9**	1,836.9
Short-term bank deposits	**19.1**	10.1
	585.0	1,847.0

Cash at bank and in hand at 31 December 2020 includes $234.9m (2019: $1,448.6m) that is part of the Group's cash pooling arrangements and both cash and borrowings are grossed up by this amount in the financial statements.

The effective interest rate on short-term deposits at 31 December 2020 was 2.3% (2019: 1.5%) and these deposits have an average maturity of 11 days (2019: 6 days).

Notes to the financial statements continued

16 Trade and other payables

	2020 $m	2019 $m
Trade payables	**804.8**	1,016.5
Gross amounts due to customers	**203.2**	480.5
Other tax and social security payable	**54.1**	53.6
Accruals	**550.4**	642.9
Deferred and contingent consideration (note 19)	**-**	20.0
Derivative financial instruments	**2.9**	3.9
Amounts due to joint ventures	**1.1**	4.4
Asbestos related payables	**57.9**	52.0
Other payables	**345.3**	345.8
	2,019.7	2,619.6

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group.

Other payables includes project related and other liabilities.

17 Borrowings

	2020 $m	2019 $m
Bank loans and overdrafts due within one year or on demand		
Unsecured	**238.3**	1,752.7
Senior loan notes		
Unsecured	**77.0**	-
Total current borrowings	**315.3**	1,752.7
Non-current bank loans		
Unsecured	**493.0**	693.3
Senior loan notes		
Unsecured	**803.5**	879.9
Total non-current borrowings	**1,296.5**	1,573.2

Borrowings of $234.9m (2019: $1,448.6m) that are part of the Group's cash pooling arrangements and are netted against cash for internal reporting purposes are grossed up in the short-term borrowings figure above.

Bank loans and overdrafts due within one year or on demand decreased by $1,514.4m, mainly due to a $1,213.7m decrease in borrowings that are part of the Group's cash pooling arrangements and a $297.6m repayment on term loans during the year.

Bank overdrafts are denominated in a number of currencies and bear interest based on LIBOR or the relevant foreign currency equivalent.

During the year, the Group extended the maturity of its revolving credit facility, with $1,514.0m falling due in May 2023 and $236.0m falling due in May 2022.

17 Borrowings (continued)

The Group had total facilities of $3,115.7m as at 31 December 2020, which comprises of $300.0m of bilateral term loans maturing *in May 2022, $236.0m of revolving credit maturing in May 2022, $1,514.0m of revolving credit maturing in May 2023, $880.5m of* senior loan notes in the US private placement market with varying maturities, of which $77.0m is payable in 2021, and $185.2m of other banking facilities.

Of the non-current borrowings of $1,296.5m, $20.5m is denominated in sterling with the balance in US dollars.

The Group's principal borrowing facilities at 31 December 2020 are set out in the table below.

Facility	Total available $m	Drawn at 31 December 2020 $m	Undrawn at 31 December 2020 $m	Repayable
Term loan	**300.0**	**300.0**	-	May 2022
Revolving credit facility	**1,750.0**	**200.0**	**1,550.0**	May 2022 / May 2023
Senior loan notes	**880.5**	**880.5**	-	Various dates
Other facilities	**185.2**	**3.4**	**181.8**	Various dates
Unamortised fees	-	**(7.0)**	**7.0**	N/A
	3,115.7	**1,376.9**	**1,738.8**	

The above table excludes borrowings of $234.9m that are part of the Group's cash pooling arrangements and are offset by equivalent cash balances.

The Group has $880.5m (2019: $879.9m) 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 4.13% (2019: 4.31%).

Repayable	2020 $m	2019 $m
August 2021	**30.0**	30.0
November 2021	**47.0**	47.0
July 2022	**35.0**	35.0
July 2024	**25.0**	25.0
August 2024	**120.0**	120.0
November 2024	**50.0**	50.0
July 2026	**127.5**	126.9
August 2026	**128.0**	128.0
February 2027	**40.0**	40.0
February 2029	**100.0**	100.0
July 2029	**129.5**	129.5
July 2031	**48.5**	48.5
	880.5	879.9

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2020 %	2019 %
US dollar	**0.78**	2.60
Sterling	**1.25**	2.24
Euro	**1.15**	1.15
Australian dollar	**0.55**	1.70

17 Borrowings *(continued)*

The carrying amounts of the Group's borrowings, including those held within pooling arrangements, are denominated in the following currencies:

	2020 $m	2019 $m
US Dollar	**1,477.7**	2,655.9
Sterling	**122.2**	505.7
Euro	**3.9**	20.4
Australian dollar	**0.7**	127.0
Other	**7.3**	16.9
	1,611.8	3,325.9

The Group is required to issue tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit to certain customers. Management have assessed that the possibility of these being triggered is remote. At 31 December 2020, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to $1,542.8m (2019: $1,921.4m). At 31 December 2020, these facilities were 63% utilised (2019: 55%).

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2020 $m	2019 $m
Expiring within one year	**181.8**	229.3
Expiring between one and two years	**209.0**	-
Expiring between two and five years	**1,348.0**	1,156.7
	1,738.8	1,386.0

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2021. The Group was in compliance with its bank covenants throughout the year.

A reconciliation of movements of borrowings and lease liabilities to cash flows arising from financing activities is presented in the table below.

	Short term borrowings $m	Long term borrowings $m	Lease liabilities $m	Total $m
Balance 1 January 2020	1,752.7	1,573.2	583.3	3,909.2
Changes from financing cash flows				
Repayment of long-term borrowings	-	(277.5)	-	(277.5)
Repayment of short-term borrowings	(1,438.4)	-	-	(1,438.4)
Payment of lease liabilities (note 11)	-	-	(188.4)	(188.4)
Total changes from financing activities	(1,438.4)	(277.5)	(188.4)	(1,904.3)
Effects of changes in foreign exchange rates (note 29)	1.0	1.1	9.3	11.4
Other changes				
New leases (note 11)	-	-	107.1	107.1
Interest expense (note 3)	-	86.5	30.1	116.6
Interest paid	-	(86.5)	-	(86.5)
Other movements	-	(0.3)	-	(0.3)
Total liability other changes	-	(0.3)	137.2	136.9
Balance at 31 December 2020	**315.3**	**1,296.5**	**541.4**	**2,153.2**

18 Other non-current liabilities

	2020 $m	2019 $m
Derivative financial instruments	**16.9**	10.5
Other payables	**121.2**	135.5
	138.1	146.0

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group.

Other payables include $79.8m (2019: $81.4m) relating to the US SERP pension arrangement referred to in note 32 and unfavourable leases of $17.3m (2019: $16.3m). Unfavourable lease liabilities 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.

	2020 Notional contract amount $m	2019 Notional contract amount $m	2020 Carrying amount and fair value $m	2019 Carrying amount and fair value $m
Current assets	**66.6**	117.5	**1.8**	3.6
Current liabilities	**(50.1)**	(47.0)	**(0.6)**	(0.8)

A net foreign exchange loss of $1.6m (2019: gain $1.9m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

19 Financial instruments (continued)

Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2020 Notional contract amount $m	2019 Notional contract amount $m	2020 Carrying amount and fair value $m	2019 Carrying amount and fair value $m
Current assets	**458.9**	654.2	**6.4**	6.5
Current liabilities	**(189.4)**	(196.1)	**(2.3)**	(3.1)

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/ US dollar rate can impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. A *weakening of the pound has a negative impact on translation of UK companies' profits and net assets. Sterling denominated trading* profits in the UK are offset by the Group's corporate overhead and a 10% change in the sterling/dollar rate would result in a change to Adjusted EBITDA of less than 1%. A 10% change in the sterling/dollar rate would impact net assets by less than 1%. 10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate. The Group also has foreign exchange risk in relation a number of other currencies, such as the Australian dollar, the Canadian dollar and the Euro.

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest 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 2020, 65% (2019: 34%) 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.

	2020 *Hedged* amount $m	2019 *Hedged* amount $m	2020 Carrying amount and fair value $m	2019 Carrying amount and fair value $m
Interest rate swaps	**250.0**	250.0	**(16.9)**	(10.5)

A net foreign exchange loss of $6.4m (2019 loss: $7.2m) was recognised in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges. The interest rate swaps are put in place to hedge against movements in the 3 month USD LIBOR rate. The majority of the variable RCF debt matures in May 2023 and the interest rate swap matures in June 2023. The Group is hedging the 3 month USD LIBOR rate and based on the current maturity of the swap and it is assumed that the hedge will be effective for the full period.

The Group have identified that the external debt could be impacted by transition to alternative benchmarks. The Group will work closely with the relationship banks to amend the interest rate clause or make use of standard market fallback provision for both our external debt and IRS documents at an appropriate time and in line with the transition dates.

If average interest rates had been 1% higher or lower during 2020 (2019: 1%), post-tax profit for the year would have been $6.3m lower or higher respectively (2019: $10.6m). 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.

19 Financial instruments (continued)

(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 customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group has a broad customer 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 2020 was $585.0m (2019: $1,901.9m). 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 2020 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 $1,738.8m undrawn portion of the Group's committed banking facilities. The 2020 average net debt (excluding leases) was $1,597.8m (2019: $1,932.3m).

The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. In previous years, net debt typically reached peaks in May and September which coincided with interim and final dividends being paid. However, in response to the uncertainty caused by Covid-19, the directors withdrew their proposed 2019 final dividend payment of $160.4m (23.9 cents per share) to protect cashflows and preserve long-term value of the Group. No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these historic peaks due to a combination of factors including a strong focus on collection of receipts from customers 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 2020, 94% (2019: 90%) 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 $300.0m of bilateral term loans maturing May 2022 and a $1,750.0m revolving credit facility of which $236.0m matures in May 2022 and $1,514.0m matures in May 2023.

The Group has $880.5m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between August 2021 and 2031.

Notes to the financial statements continued

19 Financial instruments (continued)

(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 2020 was 2.1 times (2019: 2.0 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 5.5 times for the year ended 31 December 2020 (2019: 5.6 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2020 was 24.3% (2019: 32.1%).

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	2020 $m	2019 $m
At 1 January	**20.0**	26.6
Exchange movements	**0.8**	0.5
Interest relating to discounting of contingent consideration	**0.2**	0.4
Payments during the year	**(21.0)**	(5.6)
Amounts (released)/charged to the income statement	**-**	(1.9)
At 31 December	**-**	20.0

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.

At 31 December 2020	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m
Borrowings	**357.2**	**399.3**	**458.7**	**633.6**
Trade and other payables	**1,965.6**	**-**	**-**	**-**
Lease liabilities	**133.5**	**114.2**	**193.7**	**150.5**
Other non-current liabilities	**-**	**41.3**	**96.7**	**-**
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	-	54.1	91.9	-

19 Financial instruments (continued)

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 2020 was $478.8m (book value $493.0m) (2019: $689.4m, book value $693.3m). The fair value of the US Private Placement debt at 31 December 2020 was $883.9m (book value $880.5m) (2019: $883.7m, book value $879.9m).

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 2020 and 31 December 2019, there were no transfers into or out of level 2 fair value measurements.

20 Provisions

2020	*Asbestos related litigation* $m	*Insurance and property* $m	*Litigation related provisions* $m	*Project related provisions* $m	Total $m
At 1 January 2020	418.9	110.2	111.8	151.3	792.2
Reclassifications	(1.5)	6.1	2.2	26.2	33.0
Utilised	(41.8)	(2.9)	(3.4)	(27.1)	(75.2)
Charge to income statement	27.8	6.8	226.8	18.0	279.4
Release of provisions	(1.3)	(16.1)	(4.8)	(68.1)	(90.3)
Exchange movements	1.6	0.9	0.4	0.6	3.5
At 31 December 2020	**403.7**	**105.0**	**333.0**	**100.9**	**942.6**
Presented as					
Current	-	11.1	116.9	44.5	172.5
Non-current	403.7	93.9	216.1	56.4	770.1
2019					
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
Release of provisions	(4.9)	(14.4)	(10.1)	(71.7)	(101.1)
Reclassed 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 2019 opening insurance and property provision balance was 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.

20 Provisions (continued)

Asbestos related litigation

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Some of Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against these subsidiaries and the cost of resolving these claims could be higher.

The Covid-19 pandemic has significantly reduced settlements and payments made during 2020. Management believes these reductions are temporary deferrals until after the effects of the pandemic subside and the various courts resume normal operations.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 31 December 2020 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:

	2020			2019		
	US $m	UK $m	Total $m	US $m	UK $m	Total $m
Asbestos related provision						
Gross provision	**445.0**	**65.7**	**510.7**	485.8	59.2	545.0
Effect of discounting	**(47.9)**	**(1.2)**	**(49.1)**	(74.1)	-	(74.1)
Net provision	**397.1**	**64.5**	**461.6**	411.7	59.2	470.9
Insurance recoveries						
Gross recoveries	**(25.0)**	**(57.4)**	**(82.4)**	(38.4)	(54.5)	(92.9)
Effect of discounting	**0.6**	**1.1**	**1.7**	1.6	-	1.6
Net recoveries	**(24.4)**	**(56.3)**	**(80.7)**	(36.8)	(54.5)	(91.3)
Net asbestos related liabilities	**372.7**	**8.2**	**380.9**	374.9	4.7	379.6
Presented in accounts as follows						
Provisions – non-current			**403.7**			418.9
Trade and other payables			**57.9**			52.0
Trade and other receivables			**(18.8)**			(16.2)
Long term receivables			**(61.9)**			(75.1)
			380.9			379.6

20 Provisions (continued)

A net interest charge of $8.0m, representing the time value of money and a yield curve charge of $17.9m, which is driven by the reduction in the 30-year US Treasury Bond rate in 2020 is included within exceptional items since the movements in the provision are non-trading and can be large and driven by market conditions which are outwith the Group's control. Equivalent charges of $9.7m and $8.9m in 2019 were taken to finance expenses and EBITDA respectively.

A summary of the Group's US asbestos claim activity is shown in the table below:

Number of open claims	2020 Number	2019 Number
At 1 January	**62,070**	64,370
New claims	**2,320**	2,760
Claims resolved	**(3,990)**	(5,060)
At 31 December	**60,400**	62,070
Claims not valued in liability	**(45,740)**	(47,280)
Open claims valued in liability at 31 December	**14,660**	14,790

Claims not valued in the liability include claims on certain inactive court dockets, claims over six years old that are considered abandoned and certain other items.

Based on 2020 activity, the Group's current forecast liabilities have been adjusted for payments made in 2020 of $41.8m and to reflect the impact of discounting. In 2020, the liability for asbestos indemnity and defence costs to 2050 was calculated at a gross nominal amount of $510.7m (present value $461.6m), 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 2011 to 2020, 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	50-60
25% change in estimated defence costs	40-50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money.

The Group has used the 30-year US Treasury Bond rate to discount its asbestos liabilities. The table below sets out the current year charge associated with a 30-year rate alongside the charge that would have arisen had a 10 or a 20-year rate been used.

20 Provisions (continued)

Duration	Rate as at 31 December 2020	Exceptional items $m
10 year	0.93%	37.6
20 year	1.45%	23.4
30 year (basis used)	1.65%	17.9

A change of 0.1% in the 30-year US Treasury Bond rate would give rise to a change to the income statement charge/credit of approximately $2.7m.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has identified and validated insurance policies issued since 1952 and has consistently and vigorously defended claims that are without merit and settled meritorious claims for reasonable amounts.

The table below summarises the asbestos-related net cash impact for indemnity and defence costs and collection of insurance proceeds:

	2020 $m	2019 $m
Asbestos litigation, defence and case resolution payments	**41.8**	49.9
Insurance proceeds	**(14.0)**	(14.3)
Net asbestos related payments	**27.8**	35.6

The Group expects to have a net cash outflow of approximately $33m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2021. This estimate assumes no new settlements with insurance companies and no elections by the Group to fund additional payments. In addition, this assumes that the effects of the Covid-19 pandemic will subside and the various courts will resume normal operations in 2021. As the Group continues to collect cash from previous insurance settlements, the asbestos-related insurance receivable recorded on our consolidated balance sheet will 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 of $80.6m and for property dilapidations of $24.4m.

During 2020, the Group had two captive insurance companies, Garlan Insurance Limited, which is active and based in Guernsey, and Atlantic Services Limited, which is dormant and based in Bermuda. On 31 December 2020, Atlantic Services Limited was amalgamated into Garlan Insurance Limited. 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. The actuarial assessment of settlement value represents the greatest area of uncertainty.

Property dilapidations relate to the cost of restoring leased property back into its original, pre-let condition. The estimate of costs is the greatest area of uncertainty and the timing of future cash outflows is linked to the term dates of numerous individual leases.

Litigation related provisions

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a 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.

Included in the charge for the year was $54m of additional provisions booked in respect of a previously insured litigation. This was offset in the income statement by an equivalent credit following receipt of insurance proceeds.

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.

In July 2017, the UK Serious Fraud Office ("SFO") opened an investigation into Amec Foster Wheeler, predecessor companies and associated persons. The investigation focuses on the past use of third parties and possible bribery and corruption and related offences and relates to 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, the Office of the Comptroller General and the Attorney General of Brazil).

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 subsequently took steps to conclude its investigation of these matters and submitted its report on possible bribery and corruption offences to the COPFS. These matters have been 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 had previously progressed to the point where the Group believed that it was likely to be able to settle the relevant matters with these authorities and was able to reliably estimate the amounts likely to be paid. In this regard a provision of $46.0m was recognised as at 31 December 2019 reflecting the then expected aggregate cost of resolution with the authorities in those three jurisdictions.

Since then, discussions concerning possible resolution of the investigations by those authorities and with the SFO have continued and are at an advanced stage and the Group now believes that it is likely to be able to settle all of the above matters with the relevant authorities, subject to approval of the relevant courts.

In light of the above, the Group is now able to reliably estimate the amount likely to be paid in respect of these matters. The Group has reassessed as at 31 December 2020 its provision and concluded that it should be increased to $196.7m. This revised provision reflects the Group's assessment of the likely cost of resolution with the SFO and the US, Brazilian and Scottish authorities.

Wood anticipates that the settlement of the investigations by the SFO and by the US and Brazilian authorities in relation to the legacy Amec Foster Wheeler companies will be finalised, subject to court approvals, during Q2 2021. Separately, Wood anticipates that the settlement of the investigation by the Scottish authorities in relation to the legacy Wood Group joint venture will be finalised shortly.

Wood expects the likely phasing of payments in relation to all of the above settlements to be that approximately $70m would be payable during the year ending 31 December 2021, with the balance payable in instalments in 2022, 2023 and 2024.

As set out in note 33, achieving resolution of the relevant matters continues to involve negotiations with multiple authorities in various jurisdictions, and is subject to certain court hearings and approvals. Accordingly, there is no certainty that resolution will be reached with any or all of those authorities or, where relevant, that Wood will receive judicial approvals, or that the aggregate settlement amount will not exceed the amount of the provision, or that the timing of the settlements or the payment schedule will be as set out above.

Other litigations

The largest other matter in which the Group is involved is a 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. The cost of the project exceeded the client's budget which led to the client partially terminating the contract in December 2015, before terminating the remainder of the contract and commencing a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc in September 2016. The client seeks recovery of actual damages, plus punitive damages, interest and attorney's fees for breach of contract and warranty, gross negligence and fraud. The alleged actual damages total $733m, which include an alleged $317m in lost revenue from delayed commercial operation.

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 discovery stage and it would be premature to predict the ultimate outcome of the matter.

Other items are included within the overall provision, none of which are individually material.

20 Provisions (continued)

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions relies on specific judgements in areas such as the estimate of future costs or the outcome of disputes and litigation. Whether or not each of these provisions will be required, the exact amount that will require to be paid and the timing of any payment will depend on the actual outcomes.

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 85% complete by value at 31 December 2020 and 92% complete by physical progress and is expected to be operationally complete during December 2021. Management's latest estimate is that the loss at completion will be $124m representing the expected loss to complete less estimated revenue to be earned. A charge of $11m was made to the income statement during 2020 in relation to this project and the full amount of this loss has been recognised to date.

The Group's assessment of the ultimate loss includes change orders which have not been approved by the customer. They are estimated based on the amount that is deemed to be highly probable to be recovered. That estimation is made considering the risks and likelihood of recovery of change orders. The Group's assessment of liquidated damages involves an expectation of relief from possible obligations linked to delays on the contract. These liquidated damages and relief assumptions are estimates prepared in conjunction with the change orders estimates noted above. The range of possible outcomes in respect to the change orders that are highly likely to be recoverable and the liquidated damages for which a relief will be obtained is material. The current estimate is that these will not be settled until 2023 at the earliest. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. At 31 December 2020, provisions of $12.0m and non-current contract assets of $111.3m are included in the balance sheet.

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.

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 2020, the Group held provisions totaling $25m (2019: $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 100 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.

The balance of project related provisions relates to a number of provisions which are not individually material or significant.

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 Group has provided deferred tax in relation to UK companies at 19% (2019: 17%). The movement on the deferred tax account is shown below:

(Asset)/liability	As at 1 January 2020 $m	Income statement $m	OCI $m	Other $m	As at 31 December 2020 $m
Accelerated capital allowances	4.5	(23.0)	(0.6)	(5.4)	(24.5)
Intangibles	273.4	(9.4)	2.2	(6.9)	259.3
Pension	61.1	7.0	(33.6)	-	34.5
Share based charges	(6.2)	3.7	0.1	0.1	(2.3)
Other temporary differences	2.9	3.2	(0.5)	5.1	10.7
Provisions	(132.8)	38.5	(2.4)	(0.1)	(96.8)
Unremitted earnings	41.8	(1.8)	0.3	-	40.3
Tax credits	0.8	(1.6)	-	0.8	-
Deferred interest deduction	(42.7)	(19.5)	(1.1)	-	(63.3)
Losses	(201.5)	54.1	(1.4)	(0.5)	(149.3)
Total	**1.3**	**51.2**	**(37.0)**	**(6.9)**	**8.6**

A deferred tax asset of $5.2m, recognised on transition to IFRS 16 and included within other temporary differences, has been reclassified to accelerated capital allowances.

	As at 1 January 2019 $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**

Deferred tax is presented in the financial statements as follows:

	2020 $m	2019 $m
Deferred tax assets	**(80.4)**	(87.1)
Deferred tax liabilities	**89.0**	88.4
Net deferred tax liability	**8.6**	1.3

No deferred tax liability has been recognised in respect of $19,807.9m (2019: $20,543.5m) 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 $35.2m (2019: $28.3m), which includes $4.4m relating to unrecognised deferred tax liabilities in respect of unremitted reserves from EEA countries following the UK's departure from the EU on 31 December 2020.

21 Deferred tax (continued)

Recognition of $48.3m of deferred tax assets in relation to the US tax group is based on forecast profits of the US businesses.

The deferred tax balances are analysed below.

31 December 2020

	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	(29.6)	(137.2)	(1.4)	(2.3)	(60.9)	(96.8)	-	-	(63.3)	(149.3)	460.4	(80.4)
Deferred tax liabilities	5.1	396.5	35.9	-	71.6	-	40.3	-	-	-	(460.4)	89.0
Net	**(24.5)**	**259.3**	**34.5**	**(2.3)**	**10.7**	**(96.8)**	**40.3**	**-**	**(63.3)**	**(149.3)**	**-**	**8.6**

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**

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

31 December 2020	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	725.3	143.8	869.1
Expiring within 6-10 years	-	34.6	34.6
Expiring within 11-20 years	308.8	-	308.8
Unlimited	5,630.4	849.0	6,479.4
	6,664.5	**1,027.4**	**7,691.9**

31 December 2019	Tax losses $m	Deductible temporary differences $m	Total $m
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**

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 $24.3m (2019: $23.4m) 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, synergies, gross margin and overhead improvement. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Where performance applies, this is measured over a three year period and up to 80% of an award may vest based on the performance over that period. The vesting of at least 20% of any award is normally deferred for a further period of at least two years. 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 Directors' Remuneration Report.

Cycle	Performance period	Fair value of award	Awards outstanding 31 December 2020	Awards outstanding 31 December 2019
7	2014-16	£7.26	-	20,028
8	2015-17	£5.95	**12,232**	43,215
10	2017-19	£8.54	-	1,826,743
11	2018-20	£6.67	**3,613,460**	3,914,888
12	2019-21	£5.69	**5,383,090**	6,148,563
13	2020-22	£3.64	**8,442,322**	-
			17,451,104	11,953,437

8,806,956 awards were made during the year, 4,492 awards accrued in respect of dividends, 49,960 awards were exercised during the year and 3,263,821 awards lapsed or were cancelled due to performance targets not being achieved.

In addition to the awards above, no (2019: 765,227) options are outstanding at 31 December 2020 in respect of awards made under the Amec Foster Wheeler Long Term Incentive Plan. These awards were converted to Wood 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 cycle 8 represent 20% of the award at vesting which is deferred for two years.

Further details on the LTP are provided in the Directors' Remuneration Report.

ESOS
For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and a lapse rate of 25% has been assumed. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares as well as that of comparable companies. The risk-free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

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	
	2020	2019	**2020**	2019
Number of participants	**400**	400	**85**	374
Lapse rate	**25%**	25%	**10%**	10-20%
Risk free rate of return on grants during year	**N/A**	N/A	**0.27%**	0.32%-0.70%
Share price volatility	**40%**	40%	**40%**	40%
Dividend yield on grants during year	**N/A**	N/A	**5.06%**	5.23%-7.16%
Fair value of options granted during year	**N/A**	N/A	**£3.15-£3.57**	£3.12-£5.05
Weighted average remaining contractual life	**2.2 years**	3.0 years	**1.7 years**	2.1 years
Options outstanding 1 January	**2,317,065**	2,604,860	**2,100,200**	1,659,534
Options granted during the year	**-**	-	**1,176,834**	1,067,183
Options exercised during the year	**(5,419)**	(113,650)	**(1,184,884)**	(490,050)
Options lapsed during the year	**(320,134)**	(174,145)	**(52,367)**	(150,028)
Dividends accrued on options	**-**	-	**20,736**	13,561
Options outstanding 31 December	**1,991,512**	2,317,065	**2,060,519**	2,100,200
No. of options exercisable at 31 December	**1,991,512**	2,317,065	**93,932**	21,868
Weighted average share price of options exercised during year	**£4.12**	£5.35	**£1.74**	£4.38

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

	Number of ordinary shares under option			
Year of Grant	**2020**	2019	**Exercise price (per share)**	**Exercise period**
2010	-	178,053	377½p	2014-2020
2011	**212,635**	229,135	529½p	2015-2021
2012	**406,877**	437,377	680½p	2016-2022
2013	**707,000**	758,500	845⅓p	2017-2023
2014	**665,000**	714,000	767⅔p	2018-2024
	1,991,512	2,317,065		

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 2020	2019	Exercise price (per share)	Exercise period
2015	-	15,000	0.00p	2019-2020
2016	**29,792**	170,000	0.00p	2020 2021
2017	-	6,868	0.00p	2019-2020
2017	**367,083**	434,374	0.00p	2021-2022
2018	**4,461**	201,742	0.00p	2020-2021
2018	**227,365**	254,970	0.00p	2022-2023
2019	**50,000**	354,161	0.00p	2020-2021
2019	**490,462**	653,085	0.00p	2021-2022
2019	**2,500**	10,000	0.00p	2023-2024
2020	**883,856**	-	0.00p	2022-2023
2020	**5,000**	-	0.00p	2023-2024
	2,060,519	2,100,200		

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 Directors' Remuneration Report.

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 2020, 357,951 shares were awarded in relation to the second year of the plan and it is anticipated that 1,441,207 shares in relation to the third year will be awarded in April 2021.

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 2020, nil (2019: 396) options were outstanding under this scheme.

23 Share capital

Ordinary shares of $4^2/_7$ pence each (2019: $4^2/_7$ pence) Issued and fully paid	2020 shares	2020 $m	2019 shares	2019 $m
At 1 January	**684,939,369**	**40.9**	681,539,369	40.7
Allocation of new shares to employee share trusts	**3,400,000**	**0.2**	3,400,000	0.2
At 31 December	**688,339,369**	**41.1**	684,939,369	40.9

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

	2020 $m	2019 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at $4^2/_7$ pence (2019: $4^2/_7$ pence).

Notes to the financial statements continued

25 Retained earnings

	2020 $m	Restated 2019 $m
At 1 January	**1,806.4**	1,806.7
Adjustment on initial application of IFRS 16 (net of tax)	-	(33.9)
Prior year adjustment on application of IFRS 16 (net of tax)	-	(21.3)
Opening adjusted balance	**1,806.4**	1,751.5
(Loss)/profit for the year attributable to owners of the parent	**(229.5)**	72.0
Dividends paid (note 7)	-	(235.5)
Credit relating to share based charges (note 22)	**24.3**	23.4
Re-measurement loss on retirement benefit liabilities (note 32)	**(178.7)**	(56.1)
Movement in deferred tax relating to retirement benefit liabilities	**36.8**	6.8
Shares allocated to employee share trusts	**(0.2)**	(0.2)
Shares disposed of by employee share trusts	-	0.4
Tax relating to share option schemes	-	(4.1)
Deferred tax impact of rate change in equity	**(1.3)**	0.3
Tax on derivative financial instruments	**1.6**	1.4
Other tax movements in equity	**(0.7)**	0.7
Exchange movements in respect of shares held by employee share trusts	**(3.5)**	(4.2)
Transfer from merger reserve (note 26)	-	250.0
At 31 December	**1,455.2**	1,806.4

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. No options have been granted over shares held by the employee share trusts (2019: nil).

Shares held by employee share trusts

	2020		2019	
	Shares	**$m**	Shares	$m
Balance 1 January	**13,678,914**	**109.1**	11,197,394	105.1
New shares allocated	**3,400,000**	**0.2**	3,400,000	0.2
Shares issued to satisfy option exercises	**(1,369,582)**	-	(603,700)	(0.4)
Shares issued to satisfy awards under Long Term Incentive Plan	**(49,960)**	-	(114,024)	-
Shares issued to satisfy awards under Employee Share Plan	**(652,199)**	-	(182,820)	-
Other share transactions	**(212)**	-	(17,936)	-
Exchange movement	-	**3.5**	-	4.2
Balance 31 December	**15,006,961**	**112.8**	13,678,914	109.1

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 2020 was $63.6m (2019: $72.2m) based on the closing share price of £3.10 (2019: £3.98) and closing exchange rate of 1.3669 (2019: 1.3247). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

26 Merger reserve

	2020 $m	2019 $m
At 1 January	**2,540.8**	2,790.8
Transfer to retained earnings	**-**	(250.0)
At 31 December	**2,540.8**	2,540.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Group. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualified for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares was credited to a merger reserve rather than the share premium account.

In November 2019, John Wood Group PLC (the Company) sold its investment in Amec Foster Wheeler Limited and other subsidiaries to another subsidiary company, John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised. In December 2019, John Wood Group Holdings Limited paid $250.0m to the Company in partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

27 Other reserves

	Capital reduction reserve $m	Capital redemption reserve $m	Currency translation reserve $m	Hedging reserve $m	Total $m
At 1 January 2019	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)**
Cash flow hedges	-	-	-	(8.0)	(8.0)
Exchange movement on retranslation of foreign operations	-	-	92.9	-	92.9
Exchange movement on disposal of foreign operations	-	-	17.3	-	17.3
At 31 December 2020	**88.1**	**439.7**	**(441.1)**	**(17.7)**	**69.0**

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 $17.3m was recycled through the P&L on disposal of a foreign operation (note 30).

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

	2020 $m	2019 $m
At 1 January	**5.5**	19.0
Share of profit for the year	**1.4**	0.8
Dividends paid to non-controlling interests	**(4.9)**	(1.2)
Transactions with non-controlling interests	**0.8**	(13.1)
At 31 December	**2.8**	5.5

29 Cash generated from operations

	Note	2020 $m	2019 $m
Reconciliation of operating profit to cash generated from operations:			
Operating (loss)/profit from continuing operations		**(32.9)**	303.4
Less share of post-tax profit from joint ventures		**(33.6)**	(48.2)
		(66.5)	255.2
Adjustments for:			
Depreciation	10	**38.9**	46.5
Depreciation on right of use assets	11	**125.4**	123.0
Loss/(gain) on disposal of property plant and equipment	4	**8.0**	(1.9)
Gain on disposal of businesses	30	**(58.4)**	-
Gain on disposal of investment in joint ventures	30	**(0.7)**	(3.6)
Amortisation of intangible assets	9	**225.5**	242.4
Share based charges	22	**24.3**	23.4
Decrease in provisions	20	**(45.4)**	(216.1)
Dividends from joint ventures	12	**29.6**	43.0
Exceptional items – non-cash impact	1	**205.1**	69.9
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Decrease/(increase) in inventories		**0.9**	(2.8)
Decrease in receivables		**504.2**	200.2
Decrease in payables		**(627.1)**	(19.1)
Exchange movements		**(17.6)**	(13.9)
Cash generated from operations		**346.2**	746.2

Analysis of net debt

2020	Restated At 1 January 2020 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2020 $m
Short term borrowings	(1,752.7)	1,438.4	-	(1.0)	(315.3)
Long term borrowings	(1,573.2)	277.5	0.3	(1.1)	(1,296.5)
	(3,325.9)	**1,715.9**	**0.3**	**(2.1)**	**(1,611.8)**
Cash and cash equivalents	1,847.0	(1,289.6)	-	27.6	585.0
Cash included in assets held for sale	54.9	(54.9)	-	-	-
Restricted cash	-	12.5	-	-	12.5
Net debt excluding leases	**(1,424.0)**	**383.9**	**0.3**	**25.5**	**(1,014.3)**
Leases	(583.3)	188.4	(137.2)	(9.3)	(541.4)
Net debt including leases	**(2,007.3)**	**572.3**	**(136.9)**	**16.2**	**(1,555.7)**

29 Cash generated from operations (continued)

2019	Restated At 1 January 2019 $m	Cash flow $m	Other $m	Exchange movements $m	Restated At 31 December 2019 $m
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	(613.0)	165.6	(136.0)	0.1	(583.3)
Net debt including leases	**(2,126.2)**	**247.8**	**(139.9)**	**11.0**	**(2,007.3)**

30 Acquisitions and divestments

Contingent consideration payments of $21.0m (2019: $5.6m) were made during the year in respect of acquisitions made in prior periods. Total deferred and contingent consideration outstanding at 31 December 2020 amounted to $nil (2019: $20.0m). See note 19.

Divestments

During 2020 the Group disposed of its nuclear and industrial services businesses and an investment in a non-core joint venture. Each of these were classified as held for sale as at 31 December 2019. In addition, the Group disposed of its Kazakh provider of training and related services, YKK, and an additional investment in a non-core joint venture.

The assets and liabilities disposed of are set out in the table below:

	$m
Intangible assets	260.5
Investments in joint ventures	65.9
Property, plant and equipment	29.2
Right of use asset	15.6
Inventory	1.4
Trade and other receivables	181.4
Trade and other payables	(135.4)
Current tax	(19.1)
Deferred tax on intangibles	(7.1)
Right of use lease liability	(18.2)
Net assets disposed	**374.2**
Cash received and receivable	463.4
Provision for future obligations	(4.6)
Disposal costs	(8.2)
Post-acquisition translation reserve	(17.3)
Gain on disposal (see note 5)	**59.1**

The cash inflow in respect of these disposals is analysed below.

	$m
Gross proceeds received	463.4
Disposal costs paid	(8.2)
Cash inflow	**455.2**

31 Employees and directors

Employee benefits expense	2020 $m	2019 $m
Wages and salaries	**3,020.0**	3,959.2
Social security costs	**231.6**	317.1
Pension costs – defined benefit schemes (note 32)	**1.1**	1.0
Pension costs – defined contribution schemes (note 32)	**122.9**	141.2
Share based charges (note 22)	**24.3**	23.4
	3,399.9	4,441.9

Average monthly number of employees (including executive directors)	2020 No.	2019 No.
By geographical area:		
UK	**6,240**	10,106
US	**13,400**	17,586
Rest of the World	**19,808**	23,250
	39,448	50,942

The average number of employees excludes contractors and employees of joint venture companies.

Key management compensation	2020 $m	2019 $m
Salaries and short-term employee benefits	**5.8**	9.7
Amounts receivable under long-term incentive schemes	-	1.1
Social security costs	**0.6**	1.2
Post-employment benefits	**0.2**	0.1
Share based charges	**4.9**	3.7
	11.5	15.8

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 2020, key management held 0.1% of the voting rights of the Company.

Directors	2020 $m	2019 $m
Aggregate emoluments	**2.5**	3.8
Aggregate amounts receivable under long-term incentive schemes	-	0.4
Aggregate gains made on the exercise of share options	**0.1**	0.2
Share based charges	**1.8**	1.3
	4.4	5.7

At 31 December 2020, one director (2019: two) had retirement benefits accruing under a defined contribution pension plan and no directors (2019: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

32 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The assets of the defined benefits schemes are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. The trustees of the pension schemes are required by law to act in the best interests of the scheme participants and are responsible for setting certain policies (such as investment, contribution and indexation policies) for the schemes.

At 31 December 2020, the largest schemes are the Wood Pension Plan ('WPP'), the Foster Wheeler Inc Salaried Employees Pension Plan ('FW Inc SEPP') and the Foster Wheeler Inc Pension Plan for Certain Employees ('FW Inc PPCE').

The scheme valuations are based on the membership data contained within the triennial valuation of Wood Pension Plan as at 31 March 2020, and the valuation of the Foster Wheeler Inc SEPP/PPCE as at 1 January 2020. 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 2020. The assets of the schemes are stated at their aggregate market value as at 31 December 2020.

Management have considered the requirements of IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and consider it is appropriate to recognise the IAS 19 surplus in the Wood Pension Plan. The rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes.

Scheme membership at the date of the most recent scheme census was as follows:

	2020 Wood Pension Plan	**2020 FW Inc SEPP**	**2020 FW Inc PPCE**	2019 Wood Pension Plan	2019 FW Inc SEPP	2019 FW Inc PPCE
Active members	**494**	**56**	**45**	1,741	69	59
Deferred members	**8,313**	**497**	**681**	8,787	528	718
Pensioner members	**10,149**	**2,342**	**843**	9,922	2,403	812

Active members includes deferred members still employed but not actively contributing to the scheme. The reduction in active members from 2019 to 2020 largely reflects employees who have transferred out as a result of the Group's disposal of the nuclear business.

The principal assumptions made by the actuaries at the balance sheet date were:

	2020 Wood Pension Plan %	**2020 FW Inc SEPP %**	**2020 FW Inc PPCE %**	2019 Wood Pension Plan %	2019 FW Inc SEPP %	2019 FW Inc PPCE %
Discount rate	**1.4**	**2.1**	**2.1**	2.1	3.0	3.0
Rate of increase in pensions in payment and deferred pensions	**2.7**	**N/A**	**N/A**	2.6	N/A	N/A
Rate of retail price index inflation	**2.9**	**N/A**	**N/A**	2.7	N/A	N/A
Rate of consumer price index inflation	**2.4**	**N/A**	**N/A**	2.2	N/A	N/A

As a result of the UK Statistics Authority and Chancellor of the Exchequer's original consultation in March 2020, and more latterly the responses to the consultation on reform to the RPI methodology published in November 2020, which includes plans to bring RPI in line with CPIH (CPI with housing allowance) from 2030, the basis for the RPI assumption has changed since the 31 December 2019 year end. A deduction from the break-even RPI rate from 0.5% to 0.3%, effectively increasing the overall RPI assumption by 0.2% per annum has been applied. This change reflects the actuary's view that the break-even RPI rate implied from the gilt markets now fully reflects the impact of future RPI reforms.

The company has implemented a change to the derivation of the CPI assumption in light of the expected narrowing of the gap between RPI and CPI post 2030 as a result of the proposed RPI reform. The proposed new methodology assumes an RPI/CPI 'wedge' of 1.0% until 2030 and 0% thereafter.

The impact of these changes in approach results in an increase to the defined benefit obligation by around 2%.

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2020 were as follows –

Scheme	**Mortality assumption**
Wood Pension Plan	Scheme specific table with CMI 2019 (Sk =7.5) projections and a long-term rate of improvement of 1.25% pa
FW Inc SEPP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MMP-2020 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.

32 Retirement benefit schemes (continued)

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2020 Wood Pension Plan	2020 FW Inc SEPP	2020 FW Inc PPCE	2019 Wood Pension Plan	2019 FW Inc SEPP	2019 FW Inc PPCE
Life expectancy at age 65 of male aged 45	**24.1**	**21.9**	**21.9**	23.7	21.6	21.6
Life expectancy at age 65 of male aged 65	**22.7**	**20.4**	**20.4**	22.4	20.4	20.4
Life expectancy at age 65 of female aged 45	**25.5**	**23.8**	**23.8**	25.4	23.5	23.5
Life expectancy at age 65 of female aged 65	**24.0**	**22.4**	**22.4**	23.9	22.3	22.3

The amounts recognised in the income statement are as follows:

	2020 $m	2019 $m
Current service cost	**1.1**	1.0
Past service cost/(credit)	**4.1**	(22.8)
Total expense/(income) included within operating profit	**5.2**	(21.8)
Interest cost	**86.1**	112.0
Interest income on scheme assets	**(89.9)**	(117.7)
Total included within finance income	**(3.8)**	(5.7)

The amounts recognised in the balance sheet are determined as follows:

	2020 $m	2019 $m
Present value of funded obligations	**(4,779.9)**	(4,233.7)
Fair value of scheme assets	**4,844.3**	4,474.7
Net surplus	**64.4**	241.0

Changes in the present value of the defined benefit liability are as follows:

	2020 $m	2019 $m
Present value of funded obligations at 1 January	**4,233.7**	3,808.1
Current service cost	**1.1**	1.0
Past service cost/(credit)	**4.1**	(22.8)
Interest cost	**86.1**	112.0
Contributions	**-**	-
Re-measurements:		
- actuarial losses arising from changes in financial assumptions	**504.1**	415.8
- actuarial losses/(gains) arising from changes in demographic assumptions	**29.1**	(35.4)
- actuarial (gains)/losses arising from changes in experience	**(16.9)**	4.0
Benefits paid	**(209.2)**	(192.8)
Exchange movements	**147.8**	143.8
Present value of funded obligations at 31 December	**4,779.9**	4,233.7

32 Retirement benefit schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2020 $m	2019 $m
Fair value of scheme assets at 1 January	**4,474.7**	4,050.8
Interest income on scheme assets	**89.9**	117.7
Contributions	**15.2**	16.9
Benefits paid	**(209.2)**	(192.8)
Re-measurement gains on scheme assets	**337.6**	328.3
Expenses paid	**(10.0)**	(9.3)
Exchange movements	**146.1**	163.1
Fair value of scheme assets at 31 December	**4,844.3**	4,474.7

Analysis of the movement in the balance sheet surplus:

	2020 $m	2019 $m
Surplus at 1 January	**241.0**	242.7
Current service cost	**(1.1)**	(1.0)
Past service cost/(credit)	**(4.1)**	22.8
Finance income	**3.8**	5.7
Contributions	**15.2**	16.9
Re-measurement losses recognised in the year	**(178.7)**	(56.1)
Expenses paid	**(10.0)**	(9.3)
Exchange movements	**(1.7)**	19.3
Surplus at 31 December	**64.4**	241.0

The past service cost comprises $4.1m relating to the impact of GMP equalisation on the Wood Pension Plan and is included in exceptional items.

The past service credit in 2019 related 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 net surplus at 31 December is presented in the Group balance sheet as follows:

	2020 $m	2019 $m
Wood Pension Plan	**188.8**	368.0
Retirement benefit scheme surplus	**188.8**	368.0
Foster Wheeler Inc SEPP/PPCE	**(83.1)**	(86.0)
All other schemes	**(41.3)**	(41.0)
Retirement benefit scheme deficit	**(124.4)**	(127.0)
Net surplus	**64.4**	241.0

32 Retirement benefit schemes (continued)

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2020 Wood Pension Plan %	2020 FW Inc SEPP %	2020 FW Inc PPCE %	2019 AFW Pension Plan %	2019 FW Inc SEPP %	2019 FW Inc PPCE %
Active members	**6.3**	**4.6**	**2.7**	13.3	5.2	3.4
Deferred members	**43.5**	**20.2**	**20.2**	38.6	18.1	19.4
Pensioner members	**50.2**	**75.2**	**77.1**	48.1	76.7	77.2

The weighted average duration of the defined benefit obligation is as follows:

	2020 Wood Pension Plan years	2020 FW Inc SEPP years	2020 FW Inc PPCE years	2019 AFW Pension Plan years	2019 FW Inc SEPP years	2019 FW Inc PPCE years
Duration of defined benefit obligation	**18.0**	**9.6**	**9.8**	16.9	9.1	9.3

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020 Wood Pension Plan %	2020 FW Inc SEPP %	2020 FW Inc PPCE %	2019 Wood Pension Plan %	2019 FW Inc SEPP %	2019 FW Inc PPCE %	2020 Quoted on active market %	2019 Quoted on active market %
Equities	**14.5**	**60.0**	**60.0**	14.3	60.0	60.0	100.0	100.0
Property	**5.8**	**-**	**-**	7.5	-	-	-	-
Bonds (including gilts)	**77.0**	**40.0**	**40.0**	73.0	40.0	40.0	99.8	99.8
Cash	**2.3**	**-**	**-**	4.4	-	-	100.0	100.0
Other	**0.4**	**-**	**-**	0.8	-	-	-	-
	100.0	**100.0**	**100.0**	100.0	100.0	100.0	n/a	n/a

As at 31 December 2020, 94.1% (2019: 92.3%) of total scheme assets in the principal schemes 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.

Under the Coronavirus Aid, Relief and Economic Security (CARES) Act, signed into US law in March 2020, the Group obtained relief allowing minimum required contributions on the FW Inc SEPP and FW Inc PPCE schemes to be deferred to January 2021. The effect of this relief at 31 December 2020 is $17.3m.

Total contributions expected to be paid during the financial year ending 31 December 2021 amount to $45.2m (2019: $34.9m for the financial year ending 31 December 2020). This includes $10.9m (year ended 31 December 2020: $8.2m) arising from the revised Schedule of Contributions for the Wood Pension Plan, effective from 1 January 2021.

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.

32 Retirement benefit schemes (continued)

Changes in bond yields
A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk
The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy
The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

Sensitivity of the retirement benefit obligation

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

Approximate increase/(decrease) on scheme liabilities	**Wood Pension *Plan* 2020 $m**	Wood Pension *Plan* 2019 $m	**FW Inc SEPP 2020 $m**	FW Inc SEPP 2019 $m	**FW Inc PPCE 2020 $m**	FW Inc PPCE 2019 $m
Discount rate						
Plus 0.1%	**(73.2)**	(63.1)	**(1.0)**	(0.9)	**(2.2)**	(2.0)
Minus 0.1%	**75.2**	64.7	**1.0**	0.9	**2.2**	2.0
Inflation						
Plus 0.1%	**44.6**	37.9	**N/A**	N/A	**N/A**	N/A
Minus 0.1%	**(44.5)**	(37.4)	**N/A**	N/A	**N/A**	N/A
Life expectancy						
Plus 1 year	**194.2**	154.4	**4.6**	4.1	**10.0**	8.7
Minus 1 year	**(190.7)**	(152.0)	**(4.5)**	(4.1)	**(9.9)**	(8.7)

The sensitivity analysis covering the impact of increases in pensions is included in the inflation sensitivity in the above table.

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2020 $m	2019 $m
Defined contribution plans	**122.9**	141.2

There were no material contributions outstanding at 31 December 2020 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 $0.3m (2019: $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 $79.8m (2019: $81.4m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

Notes to the financial statements continued

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 $30.8m.

Indemnities and retained obligations

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim, to the extent such claim is quantifiable. 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

Reference is made to the provision in the financial statements with respect to certain investigations by the SFO and by authorities in the US, Brazil and Scotland, all as described in Note 20. As stated therein, achieving resolution of the relevant matters continues to involve negotiations with multiple authorities in various jurisdictions, and is subject to certain court hearings and approvals. Accordingly, there is no certainty that resolution will be reached with any or all of those authorities or, where relevant, that Wood will receive judicial approvals, that the aggregate settlement amount will not exceed the amount of the provision, or that the payment schedule will be as set out in Note 20.

In addition, depending on the outcome of the various investigations described in Note 20, it is possible that there may be other adverse consequences for the Group's business (including actions by authorities in certain jurisdictions). At this time, these consequences and likelihood 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 2019. The decision found that in certain circumstances the financing exemption constituted state aid. In February 2021, the Group were informed by HMRC that they agreed, with European Commission ratification, that no State Aid had been received as a result of applying the exemption. Consequently, the Group have reason to believe there is no risk of the contingent liability disclosed in the 2020 financial statements crystallising.

34 Capital and other financial commitments

	2020 $m	2019 $m
Contracts placed for future capital expenditure not provided in the financial statements	**0.4**	1.7

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.

	2020 $m	2019 $m
Sale of goods and services to joint ventures	**37.5**	43.1
Purchase of goods and services from joint ventures	**1.8**	8.8
Receivables from joint ventures	**18.0**	26.9
Payables to joint ventures	**1.2**	4.4

In addition, the Group made $nil (2019: $17.1m) 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.

Compensation of key management personnel includes salaries, non-cash benefits and contributions to post retirement benefits schemes disclosed in note 31.

The Group operates a number of defined benefit pension arrangements and seeks to fund these arrangements to ensure that all benefits can be paid as and when they fall due. The Group has an agreed schedule of contributions with the UK plan's trustees where amounts payable by the Group are dependent on the funding level of the respective scheme. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 32 sets out details of the Group's pension obligations under these arrangements.

Notes to the financial statements continued

36 Subsidiaries, joint ventures and other related undertakings

The Group's subsidiary and joint venture undertakings at 31 December 2020 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 Limitada	RuaKima Kienda, Edificio SGEP, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade,Bairro Miramar, Simbizanga, Luanda, Angola	41*
Argentina		
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 Foster Wheeler Australia 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	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Innofield Services Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
RIDER HUNT INTERNATIONAL (AUSTRALIA) PTY LTD	Level 5, 171 Collins Street, Melbourne, VIC, VIC 3000, Australia	100
SVT Holdings Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Pty Ltd	Level 3, 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Wood Field Services Pty Ltd	Level 3, 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Wood Group Australia PTY Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Azerbaijan		
AMEC Limited Liability Company	37 Khojali Street, Baku, AZ1025, Azerbaijan	100
Wood Group PSN Azerbaijan LLC	Khojali Avenue,Building 37, Khatal District, Baku, AZ1025, Azerbaijan	100
Bahamas		
Montreal Engineering (Overseas) Limited	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
Bermuda		
Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, Hamilton HM CX, Bermuda	100
Brazil		
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.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Petroleo e Gas Ltda.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Projetos e Consultoria Ltda	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil	100
FW Industrial Power Brazil Ltda	Alameda Santos, 1293, Room 63, Cerqueira César, Sao Paulo, 01419-002, Brazil	100
Santos Barbosa Tecnica Comercio e Servicos Ltda.	Estrada Sao Jose do Mutum, 301 - Imboassica, Cidade de Macae, Rio de Janeiro, CEP 27973-030, Brazil	100
Wood Group Engineering and Production Facilities Brasil Ltda.	Rua Ministro Salgado Filho,119, Cavaleiros, Cidade de Macae,CEP 27920-210, Estado do Rio de Janeiro	100
Wood Group Kenny do Brasil Servicos de Engenharia Ltda.	Rua Sete de Setembro, 54 - 4 andares, Centro, Rio de Janeiro - RJ, CEP 20050-009, Brazil	100
British Virgin Islands		
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	100
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		
2292127 Alberta Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Amec Foster Wheeler Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
AMEC South America Limited	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, 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	1900, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Geomatics Limited	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	49*
Wood Group Asset Integrity Solutions, Inc.	1900, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Canada, Inc	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Solar Canada Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Wind Canada Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Cayman Islands		
FW Chile Holdings Ltd.	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111	100
Wood Group O&M International, Ltd.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Chile		
AMEC CADE Ingeniería y Desarrollo De Proyectos Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	100
Amec Foster Wheeler International Ingenieria 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
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
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
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
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&IS GmbH	Weserstrasse 4, Frankfurt am Main, 60329, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	House Number 4, Momotse Avenue, Behind All Saints Anglican Church, Adabraka, PO Box GP 1632, Accra, Greater Accra, Ghana	100
Wood & BBS Ghana 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*
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	99
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	5th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai, 600113, India	100
Indonesia		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	*Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo* Gadung, Jakarta, Timur, Indonesia	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	Gedung Perkantoran Prudential Centre, Kota Kasablanka, Lantai 22, Unit A, J1, Cassablanca Kav, 88 Kel. Menteng Dalam, Kec.Tebet, Kota Adm, Jarkarta Selantan, DKI Jarkarta, Malaysia	90
Iran		
Foster Wheeler Adibi Engineering	9th Floor Aluminumm Building, Avenue Shah, Tehran	45
Wood Group Iran - Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park,Qeshm Island, Annaba, Iran	97
Iraq		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106,St 19, Sec 213, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Wood Group, LLC	Shoresh, Hadid and Khashab St., Kurdistan, Erbil, Iraq	100
Ireland		
Wood Group Kenny Ireland Limited	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
Italy		
Amec Foster Wheeler Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
Greendream 1 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream 2 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 Sardegna S.r.l.	*Via Sebastiano Caboto 15, 20094- 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
Jersey		
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	Satpayev str. 46, Atyrau, 060011, Kazakhstan	100
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	*2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City*	*49**

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.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
AFW Luxembourg 2 S.a.r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
Malaysia		
AMEC (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	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, 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	25*
Wood Group Mustang (M) Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Mauritius		
MDM Engineering Investments Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
MDM Engineering Projects Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
P.E. Consultants, Inc.	c/o First Island Trust Company Ltd, Suite 308, St. James Court, St. Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, 72201, Mauritius	100
Mexico		
AGRA Ambiental S.A. de C.V.	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico	100
Amec Foster Wheeler Mexico, S.A. de C.V.	David Alfaro Siqueiros No.104, Piso 2, Colonia Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, C.P. 66269, Mexico	100
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.	Insurgentes Sur #619 piso 10, Colonia Napoles, Municipio Benito Juarez, between Calle Vermont and Calle Yosemite, Mexico City, 03810, Mexico	100
Wood Group Management Services de Mexico, S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Mongolia		
AMEC LLC	Mongol TV Tower-1005, Chinggis Avenue, Sukhbaatar District, 1st khoroo, Ulaanbaatar, Mongolia	100

Notes to the financial statements continued

Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, nº 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
Netherlands		
AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	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	26 Manadon Street, Spotswood, New Plymouth, 4310, New Zealand	100
Nigeria		
AMEC Contractors (W/A) Limited	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria	100
AMEC King Wilkinson (Nigeria) Limited	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria	100
AMEC Offshore (Nigeria) Limited	18th Floor, Western House, 8/10 Broad street, Lagos, Nigeria	75
Foster Wheeler (Nigeria) Limited	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria	100
Foster Wheeler Environmental Company Nigeria Limited	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria	87
JWG Nigeria Limited	13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	100
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Oman		
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,Papau 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 Manilla, Bonifacio Global City, 1634, Philippines	100
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
Portugal		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100
Puerto Rico		
Wood Puerto Rico, P.S.C.	Metro Office Park #7, Street 1, Suite 204, Guaynabo, Guaynabo, PR, PR 00968, 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 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, 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, Kommunistichesy Prospekt 32, Yuzhno-Sakhalinsk, Sakhalin, Russian Federation	40*

Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Majd Business Center, Tower B, P.O. Box 30920, King Faisal Road, Al-Khobar, 31952, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Almalaz, Salahuddin Alayoubi Street, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	King Fahad Road, Rakah, Po Box 8145, Al-Khobar, 34225, Saudi Arabia	100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar	51
Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	One Marina Boulevard #28-00, Singapore, 018989, Singapore	100
AMEC Global Resources Pte Limited	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Foster Wheeler Eastern Private Limited	1 Marina Boulevard, #28-00, Singapore 018989	100
OPE O&G Asia Pacific Pte. Ltd.	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	100
Rider Hunt International (Singapore) Pte Limited	24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621	100
Simons Pacific Services Pte Ltd.	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore, 018981, Singapore	100
Wood Group International Services Pte. Ltd.	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	c/o, Kinstellar s.r.o., Hviezdoslavovo nám 13, Bratislava, 811 02, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	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
Rider Hunt International South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, No. 10 Muswell Road South, Bryanston, South Africa	83
Wood BEE Holdings (Proprietary) Ltd	88, 2nd Street, Halfway House, Midrand, Gauteng, 1685, South Africa	58
Wood Mining South Africa (Pty) Ltd	Zeelie Office Park, 381 Ontdekkers Road, Floida 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	KG Tower 5F, 92 Tongil-ro, Jung-gu, Seoul 04517, Korea	100
Spain		
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, Las Rozas, 28232 Las Rozas, Madrid, Spain	100
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, Zählerweg 6, Zug, 6300, Switzerland	100
Amec Foster Wheeler Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 483, Garden Road, Mikocheni Ward, Kinondoni District, Dar es Salaam, 14112, Tanzania, the United Republic of	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungsukla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
SIE Siam Limited	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Simons International Engineering Ltd.	91/17 Soi Wattananivet 4, Suthisarnvinijchai 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 Finance 2 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

Notes to the financial statements continued

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 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	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	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 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 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 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 Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Wind Developments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Applied Environmental Research Centre Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Foster Wheeler (G.B.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (London) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (Process Plants) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler E&C Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Europe	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler UK Investments Limited	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	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	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
JWGUSA 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
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
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	*Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England*	100
PSJ Fabrications Ltd	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
PSN (Angola) Limited	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
QED International (UK) Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
RHI QS UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Rider Hunt International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sandiway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
Sigma Financial Facilities Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
The Automated Technology Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	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 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 Intetech Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	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	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Kenny UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Limited	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	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Nuclear Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Pensions Trustee Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Transmission and Distribution Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
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 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.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
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.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	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 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 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.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler Asia Limited	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	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	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Hydrox, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Foster Wheeler Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100

Notes to the financial statements continued

Foster Wheeler Intercontinental Corporation	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Foster Wheeler International LLC	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Foster Wheeler LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Realty Services, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Ingenious Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
ISI Group, L.L.C.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
JWGUSA Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	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
Mustang International, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
NDT Systems, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Perryville Corporate Park Condominium Association, Inc.	Corporation Service Company, 830 Bear Tavern Road, West Trenton, Mercer, NJ, 08628	67
Process Consultants, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, 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.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Swaggart Brothers, Inc.	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Tray, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Design, LLC	1075 Big Shanty Rd NW, Ste. 100, Kennesaw, GA, 30144, United States	0**
Wood Environment & Infrastructure Solutions, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
Wood Group Alaska, LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	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.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, 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.

** The Group does not have a direct shareholding in these entities but considers them to be under group control.

Joint Ventures		
Company Name	**Registered Address**	**Ownership Interest %**
Australia		
Clough AMEC Pty Ltd[1]	'Alluvion Building', Level 9, 58 Mounts Bay Road, Perth, WA, 6000, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue,Baku, Azerbaijan	35
Canada		
ABV Consultants Ltd[1]	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited[1]	60 Cutler Avenue, Dartmouth, NS, B3B 0J6, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S. E., Calgary, AB, T2H 2L8, Canada	50
Chile		
CEJV Ingeniería y Construcción Limitada	Av. Isidora Goyenechea 2800, Floor 32, Las Condes, Santiago, 7550647, Chile	50
Consorcio AMEC CADE / PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago Chile	50
Consorcio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingenieria Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingenieria Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Construcciòn e Ingenieria Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile	50
Construcciòn e Ingenieria FIM Chile,Limitada	Avenida Santa Maria 2810, Comuna de Providencia, Santiago, Chile	33
China		
Wood Zone Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
Cyprus		
Wood Group - CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	50
India		
SgurrEnergy India Pvt. Ltd	2 Kausar Baugh, Off NIBM Road, Kondhwa, Maharashtra, Pune, 411048, India 58/2 Kausar Baugh, Off NIBM Road, Kondhwa, Maharashtra, Pune, 411048, India	50
Kazakhstan		
PSN KazStroy JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Malaysia		
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
Mexico		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingenieria Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50
Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
Netherlands		
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Wood Beca Limited	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
Oman		
AMEC Al Turki LLC	c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman	35
Qatar		
Wood Black Cat LLC	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar	49
Saudi Arabia		
AMEC BKW Arabia Limited[1]	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia	50
Spain		
Insolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
Trinidad and Tobago		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50
United 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

Notes to the financial statements continued

United Kingdom		
ACM Health Solutions Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England, United Kingdom	33
Ethos Energy Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	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
RWG (Repair & Overhauls) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, 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		
Flour AMEC II, LLC	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, United States	45

[1]Entities are consolidated as joint operations on the basis of control.

In addition to the subsidiaries listed above, the Group has a number of overseas branches.

Details of the direct subsidiaries of John Wood Group PLC are provided in note 1 to the parent company financial statements.

The Group will be exempting the following companies from an audit in 2020 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 (MHL) Limited (Registered number 713103)
AMEC (WSL) Limited Registered number 514311)
AMEC BKW Limited (Registered number 169831)
AMEC Bravo Limited (Registered number 6206015)
AME Building Limited (Registered number 165287)
AMEC Capital Projects Limited (Registered number 2804109)
AMEC Civil Engineering Limited (Registered number 1265199)
Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)
Amec Foster Wheeler Earth and Environmental (UK) Limited (Registered number 4987981)
Amec Foster Wheeler Energy Limited (Registered number 1361134)
Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)
Amec Foster Wheeler Finance Limited (Registered number 1332332)
Amec Foster Wheeler Group Limited (Registered number 4612748)
Amec Foster Wheeler International Limited (Registered number 3203966)
Amec 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 Offshore Developments Limited (Registered number SC137017)
AMEC Offshore Limited (Registered number 1054207)
AMEC Process and Energy Limited Registered number 2028340)
AMEC Project Investments Limited (Registered number 2619408)
AMEC Services Limited (Registered number 2804093)
AMEC Trustees Limited (Registered number 2830098)
Amec USA Holdings Limited (Registered number 4041261)
Amec Wind Developments Limited (Registered number 8781332)
Applied Environmental Research Centre Limited (Registered number 02115985)
Automated Technology Group Holdings Limited (Registered number 07871655)
East Mediterranean Energy Services Limited (Registered number SC505318)
Foster Wheeler (G.B.) Limited (Registered number 745470)
Foster Wheeler (London) Limited (Registered number 887857)
Foster Wheeler (Process Plants) Limited (Registered number 1184855)
Foster Wheeler E&C Limited (Registered number 2247293)
Foster Wheeler Environmental (UK) Limited (Registered number 1657494)
Foster Wheeler Europe (Registered number 04127813)
Foster Wheeler UK Investments Limited Registered number SC649888)
Foster Wheeler World Services Limited (Registered number 1439353)
FW Chile Holdings 2 Limited (Registered number 9861563)
FW Investments Limited (Registered number 6933416)
HFA Limited (Registered number SC129298)
James Scott Limited (Registered number SC35281)
John Wood Group Holdings Limited (Registered number SC642609)
JWG Investments Limited (Registered number SC484872)
JWGUSA Holdings Limited (Registered number SC178512)
Kelwat Investments Limited (Registered number SC203212)
Metal and Pipeline Endurance Limited (Registered number 534109)
Mustang Engineering Limited (Registered number SC273548)
Press Construction Limited (Registered number 471400)
Process Plants Suppliers Limited (Registered number 957881)
Production Services Network (UK) Limited (Registered number SC293004)
Production Services Network Bangladesh Limited (Registered number 02214332)
PSJ Fabrications Limited (Registered number 01205595)
PSN (Angola) Limited (Register number SC311500)
PSN (Philippines) Limited (Registered number SC345547)
PSN Asia Limited (Registered number SC317111)
PSN Overseas Limited (Registered number SC319469)
QED International (UK) Limited (Registered number SC106477)
RHI QS UK Limited (Registered number 12522586)
Rider Hunt International Limited (Register number 02305615)

Notes to the financial statements continued

Sandiway Solutions (No 3) Limited (Registered number 5318249)
SgurrEnergy Limited (Registered number SC245814)
Sigma Financial Facilities Limited (Registered number 3863449)
The Automated Technology Group Limited (Registered number 03109235)
WGD028 Limited (Registered number SC136216)
WGPSN (Holdings) Limited (Registered number SC288570)
WGPSN Eurasia Limited (Registered number SC470501)
Wood Environment & Infrastructure Solutions Limited (Registered number 02190074)
Wood Group Engineering and Operations Support Limited (Registered number SC159149)
Wood Group Engineering (North Sea) Limited (Registered number SC030715)
Wood Group Holdings (International) Limited Register number SC169712)
Wood Group Intetech Limited (Registered number 02575585)
Wood Group Investments Limited (Registered number SC301983)
Wood Group Kenny Corporate Limited (Registered number SC147353)
Wood Group Kenny Limited (Registered number 1398385)
Wood Group Kenny UK Limited (Registered number 2331383)
Wood Group Power Investments Limited (Registered number SC454342)
Wood Group Production Services UK Limited (Registered number SC278252)
Wood Group/OTS Limited (Registered number 1579234)
Wood International Limited (Registered number 10517856)
Wood Nuclear Holdings Limited (Registered number 03725076)
Wood Pensions Trustee Limited (Registered number 1889899)
Wood Transmission and Distribution Limited (Registered number 11829648)

Company financial statements

Company financial statements

Company balance sheet

As at 31 December 2020

	Note	2020 $m	2019 $m
Non-current assets			
Investments	1	**4,348.3**	3,524.0
Long term receivables	2	**2,582.1**	2,835.7
Deferred tax	3	**-**	7.9
		6,930.4	6,367.6
Current assets			
Trade and other receivables	4	**678.3**	402.8
Income tax receivable		**8.2**	4.5
Cash and cash equivalents	5	**79.7**	586.1
		766.2	993.4
Current liabilities			
Borrowings	6	**201.0**	603.9
Trade and other payables	7	**1,788.4**	1,105.2
		1,989.4	1,709.1
Net current liabilities		**(1,223.2)**	(715.7)
Non-current liabilities			
Borrowings	6	**1,096.5**	979.9
Other non-current liabilities	8	**1,018.3**	1,087.2
		2,114.8	2,067.1
Net assets		**3,592.4**	3,584.8
Equity			
Share capital	10	**41.1**	40.9
Share premium	11	**63.9**	63.9
Retained earnings	12	**408.4**	401.0
Merger reserve	13	**2,540.8**	2,540.8
Other reserves	14	**538.2**	538.2
Total equity		**3,592.4**	3,584.8

The financial statements on pages 210 to 218 were approved by the board of directors on 15 March 2021, and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

Statement of changes in equity

For the year ended 31 December 2020

	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Total equity $m
At 1 January 2019	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**
Loss for the year	-	-	(13.8)	-	-	(13.8)
Total comprehensive income for the year	**-**	**-**	**(13.8)**	**-**	**-**	**(13.8)**
Credit relating to share based charges	-	-	24.3	-	-	24.3
Shares allocated to employee share trusts	0.2	-	(0.2)	-	-	-
Foreign exchange movements on employee share trusts	-	-	(2.9)	-	-	(2.9)
At 31 December 2020	**41.1**	**63.9**	**408.4**	**2,540.8**	**538.2**	**3,592.4**

Notes to the Company financial statements

For the year ended 31 December 2020

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.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no disclosure of related party transactions with wholly owned subsidiaries;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than the directors; and
- no disclosures relating to the Company's policy on capital management.

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 210. Note 9 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 2020, the Company had net current liabilities of $1,223.2m. The Company has control over the timing of repayment of current liabilities due to Group undertakings amounting to $1,769.8m. 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:

	2020	2019
Average rate £1=$	**1.2844**	1.2773
Closing rate £1=$	**1.3669**	1.3247

Investments in subsidiaries

Investments are measured initially at cost, including transaction costs. Investments in the Company balance sheet are presented at cost less any provision for impairment.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the income statement.

The Company recognises loss allowances for Expected Credit Losses ('ECLs') on loans and receivables measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Foreign currencies

Transactions in foreign currencies are translated 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.

Judgements and key sources of estimation or uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments and receivables from Group companies (estimate)

The Company assesses whether there are any indicators of impairment of investments or receivables from Group companies at each reporting date. Investments and receivables from Group companies are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Details of impairments of investments recorded during the year and the carrying value of investments are contained in note 1.

Notes to the Company financial statements continued

1 Investments

	2020 $m	2019 $m
Cost		
At 1 January	**4,871.6**	6,164.6
Additions	**824.3**	3,734.3
Disposals	**(1,347.6)**	(5,027.3)
At 31 December	**4,348.3**	4,871.6
Impairment		
At 1 January	**1,347.6**	1,595.7
Provided during year	**-**	2.0
Disposals	**(1,347.6)**	(250.1)
At 31 December	**-**	1,347.6
Net book value		
At 31 December	**4,348.3**	3,524.0

During the year, the Company contributed $800m of additional capital to John Wood Group Holdings Ltd and $24.3m of share based charges against John Wood Group Holdings Ltd.

The disposals during the year relate to JWG Ireland USD, JWG Ireland USD 2 and JWG Ireland USD 3, representing the dissolution of these non-trading entities which were fully written down in the prior year.

The directors believe that the carrying value of the investments is supported by their underlying net assets. The directors have performed an impairment review of the carrying value of the investments and no indicators were identified.

The Company's direct subsidiaries at 31 December 2020 are listed below. Ownership interests reflect holdings of ordinary shares.

Details of other related undertakings are provided in note 36 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

The Company owns 100% of all of the subsidiaries listed above.

2 Long term receivables

	2020 $m	2019 $m
Loans to Group undertakings	**2,582.1**	2,835.7

The long-term loan receivable at 31 December 2020 includes the promissory note of $2,565.2m, which related to the transfer of the Company's investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited in exchange for a promissory note during 2019.

3 Deferred tax

The deferred tax balance comprises:

	2020 $m	2019 $m
Temporary difference	-	7.9
	-	7.9

The movement in the deferred tax asset is shown below.

	2020 $m	2019 $m
At 1 January	**7.9**	0.9
Movement relating to retirement benefit scheme	-	6.4
(Charge)/credit to income statement	**(7.9)**	0.6
At 31 December	-	7.9

The deferred tax asset in 2019 recognised on temporary differences relates mainly to the provision for impairment in note 4.

4 Trade and other receivables

	2020 $m	2019 $m
Loans to Group undertakings	**603.0**	277.9
Trade receivables – Group undertakings	**68.4**	116.1
Other receivables	**6.3**	6.2
Prepayments and accrued income	**0.6**	2.6
	678.3	402.8

Interest on loans to Group undertakings is charged at market rates.

At 31 December 2020, $45.7m (2019: $45.3m) 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:

	2020 $m	2019 $m
Over 3 months	**45.7**	45.3

The movement on the provision for impairment is as follows:

	2020 $m	2019 $m
At 1 January	**45.3**	46.2
Provided/(released) during the year	**0.4**	(0.9)
At 31 December	**45.7**	45.3

The Company had no outstanding balances that were past due but not impaired at either 31 December 2020 or 31 December 2019. The other classes within receivables do not contain impaired assets.

Notes to the Company financial statements continued

5 Cash and cash equivalents

	2020 $m	2019 $m
Cash and cash equivalents	**79.7**	586.1

6 Borrowings

	2020 $m	2019 $m
Borrowings repayable on demand		
Bank overdrafts	**124.0**	313.0
Senior loan notes	**77.0**	-
Bank loans	-	290.9
	201.0	603.9
Non-current borrowings		
Bank loans	**293.0**	100.0
Senior loan notes	**803.5**	879.9
	1,096.5	979.9

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2020 interest on US dollar overdrafts was payable at 0.28% (2019: 2.9%) and on sterling overdrafts at 1.25% (2019: 2.1%).

Bank loans are unsecured and bear interest based on LIBOR rates. At 31 December 2020, bank loans included $300.0m of US dollar loans and $nil sterling loans. Interest was payable at 1.1% (2019: 3.6%) on the US dollar loans and n/a% (2019: 2.5%) on the sterling loans. Bank loans are stated net of unamortised fees totalling $7.0m (2019: $6.7m).

The Company has $880.5m (2019: $879.9m) of unsecured senior notes in the US private placement market maturing between 2021 and 2031 at an average fixed rate of 4.13% (2019: 4.31%). These notes are largely US dollar denominated. $573.5m (2019: $572.9m) of the notes are repayable after more than 5 years.

7 Trade and other payables

	2020 $m	2019 $m
Loans from Group undertakings	**1,769.8**	1,076.1
Other creditors	**5.8**	8.7
Accruals	**12.8**	20.4
	1,788.4	1,105.2

Interest on loans from Group undertakings is payable at market rates.

8 Other non-current liabilities

	2020 $m	2019 $m
Amounts due to Group undertakings	**1,018.3**	1,087.2

The amounts due to Group undertakings are inter-company loans with varying maturities greater than 1 year. Interest on these loans is charged at market rates.

9 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 2020, 81% (2019: 71%) 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 2020, 85% (2019: 62%) 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.

10 Share capital

	2020 $m	2019 $m
Issued and fully paid		
688,339,369 (2019: 684,939,369) ordinary shares of $4^2/_7$p each	**41.1**	40.9

The additional information required in relation to share capital is given in note 23 to the Group financial statements.

11 Share premium

	2020 $m	2019 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at par value, $4^2/_7$ pence (2019: $4^2/_7$ pence) and consequently there was no credit to the share premium account.

Notes to the Company financial statements continued

12 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 15,006,961 (2019: 13,678,914) of the Company's ordinary shares totalling $112.8m (2019: $109.1m).

The Company's loss for the financial year was $13.8m (2019: profit $20.5m).

The Company does not have any employees other than the directors of the Company. Details of the directors' remuneration are provided in the Directors' Remuneration Report in the Group financial statements. The loss for the financial year is stated after charging audit fees of $52,000 (2019: $61,000). 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.

13 Merger reserve

	2020 $m	2019 $m
At 1 January	**2,540.8**	2,790.8
Transfer to retained earnings	**-**	(250.0)
At 31 December	**2,540.8**	2,540.8

In October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Limited and $2,790.8m was credited to the merger reserve. The merger reserve was initially considered unrealised on the basis it was represented by the investment in Amec Foster Wheeler Limited and did not meet the definition of qualifying consideration under Tech 02/17BL Guidance on realised and distributable profits under the Companies Act 2006.

In November 2019, the Company sold its investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised.

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.

14 Other reserves

	***Capital* reduction reserve $m**	***Capital* redemption reserve $m**	**Hedging reserve $m**	**Total $m**
At 1 January 2019 and 1 January 2020	88.1	439.7	10.4	538.2
Fair value gains	-	-	-	-
At 31 December 2019 and 2020	**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.

15 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.

$200.0m of the Group's bilateral bank borrowings drawn down by an indirect subsidiary undertaking are guaranteed by the Company.

At 31 December 2020, the Company had contingent liabilities in respect of outstanding guarantees for performance bonds and contracting arrangements given on behalf of its subsidiaries amounting to $810.0m (2019: $868.7m).

Five year summary (unaudited)

	2020 $m	2019* $m	2018 $m	2017 $m	2016 $m
Revenue	**7,564.3**	**9,890.4**	**10,014.4**	**5,394.4**	**4,120.6**
Adjusted EBITDA	**630.4**	**855.4**	**693.8**	**423.1**	**419.7**
Depreciation (including joint ventures)	(180.0)	(182.0)	(63.9)	(51.5)	(56.3)
Amortisation (including joint ventures)	(227.7)	(243.7)	(248.8)	(141.3)	(104.3)
Non-recurring items (including joint ventures)	(247.3)	(107.6)	(191.3)	(184.5)	(154.9)
Net finance expense (including joint ventures)	(119.2)	(160.6)	(119.9)	(52.9)	(25.8)
(Loss)/profit before taxation (including joint ventures)	**(143.8)**	**161.5**	**69.9**	**(7.1)**	**78.4**
Taxation (including joint ventures)	(84.3)	(88.7)	(77.5)	(22.9)	(44.0)
(Loss)/profit for the year	**(228.1)**	**72.8**	**(7.6)**	**(30.0)**	**34.4**
Equity attributable to owners of the parent	**4,170.0**	**4,418.8**	**4,590.8**	**4,960.3**	**2,195.2**
Net debt excluding leases	**1,014.3**	**1,424.0**	**1,513.2**	**1,596.1**	**331.4**
Net debt/adjusted EBITDA	**2.1**	**2.0**	**2.2**	**2.4**	**0.8**
Gearing ratio	**24.3%**	**32.1%**	**33.0%**	**32.2%**	**15.1%**
Interest cover	**5.5**	**5.6**	**6.2**	**8.0**	**16.3**
Diluted earnings per share (cents)	**(34.1)**	**10.5**	**(1.3)**	**(7.4)**	**7.3**
Adjusted diluted earnings per share (cents)	**23.2**	**46.0**	**46.6**	**42.9**	**53.5**
Dividend per share (cents)	**-**	**35.3**	**35.0**	**34.3**	**33.3**
Dividend cover	**-**	**1.3**	**1.3**	**1.3**	**1.6**

*the 2019 balance sheet has been restated to correct differences identified on the adoption of IFRS 16 on 1 January 2019.

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Financial calendar

Results announced	16 March 2021
Annual General Meeting	13 May 2021

The Group's Investor Relations website can be accessed at:

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