

**JOHN WOOD GROUP PLC**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2021**

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

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## Full year results for the year ended 31 December 2021

### Revenue

**\$6,400m** (2020: \$7,564m)  
▼ 15.4%

Revenue (pre-exceptional items)<sup>1</sup> (2020: \$7,564m)  
**\$6,426m** ▼ 15.0%  
14.2% (like-for-like)<sup>2</sup>

Adjusted EBITDA<sup>3</sup> (2020: \$630m)  
**\$554m** ▼ 12.1%  
9.8% (like-for-like)<sup>2</sup>

Adjusted EBITDA margin (2020: 8.3%)  
**8.6%** ▲ 0.3ppt

Operating profit before exceptional items (2020: \$214m)  
**\$192m** ▼ 10.3%

Operating profit / (loss) (2020: \$(33)m) movement: n/a  
**\$32m**

Loss for the year (2020: \$(228)m)  
**\$(136)m** ▲ 42.5%

Basic EPS (2020: (34.7)cents)  
**(20.6)cents** ▲ 41.3%

### Adjusted diluted EPS<sup>4</sup>

**17.5cents** (2020: 23.2cents)  
▼ 24.6%

Net cash (used in) / generated from operating activities (2020: \$303m) movement: n/a  
**\$(60)m**

Free cash flow (new definition)<sup>5</sup> (2020: \$(46)m) movement: n/a  
**\$(398)m**

Net debt including leases (2020: \$1,556m) ▲ 18.4%  
**\$1,843m**

Net debt excluding leases<sup>6</sup> (2020: \$1,014m) ▲ 37.4%  
**\$1,393m**

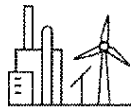
Net debt / adjusted EBITDA (reported basis)<sup>7</sup> (2020: 2.1x) movement: n/a  
**3.3x**

Order book<sup>8</sup> (2020: \$6,524m) ▲ 18.8%  
**\$7,748m**

## Key messages



- 2021 was a challenging year with the ongoing pressures of the pandemic, mixed market conditions and continued challenges in our Projects business
- Despite a decline in revenue we improved our margin
- Trading momentum improved during the year and our order book is up significantly
- Cash performance reflects exceptional cash flows and a large working capital outflow  
See page 28 for details
- We recognised exceptional charges, most notably a new charge of \$99m on our Aegis Poland contract  
See page 28 for details



- We made some progress in 2021 to reduce risk across our contract portfolio  
See pages 28-29 for details
- The proposed sale of the built environment business will, we believe, deliver significant value for shareholders  
See page 29 for details
- We are well placed in our markets for future opportunities in energy transition and industrial decarbonisation, with a wide range of engineering capabilities  
See page 30 for details



- We continue to make good progress towards our sustainability targets and are proud to have been awarded a rating of "AA Leader" from MSCI for the seventh consecutive year  
See pages 24-25 for details
- We are making progress in creating an inclusive working environment that celebrates diversity and supports the wellbeing of our people  
See pages 58-63 for details

# Improving business momentum and sale of built environment progressing well

## Financial highlights

- **Revenue** down 14% on a like-for-like basis<sup>2</sup>, with growth in Consulting and Operations more than offset by a significant decline in Projects
- **Stronger sequential H2 performance:** H2 revenue was 4% higher than H1 with Projects stabilising and growth across Consulting (up 4%) and Operations (up 10%)
- **Adjusted EBITDA** down 10% on a like-for-like basis<sup>2</sup>, with improved EBITDA in Consulting offset by lower EBITDA in Projects and Operations (see also note 9 on page 3 for details)
- **Margin improvement** (like-for-like) of 0.4ppts<sup>2</sup> including cost efficiencies, revenue mix and improved overall execution
- **Exceptional items** of \$160 million (2020: \$247 million) includes the previously announced \$99 million write down of our Aegis Poland contract (see page 28 for details) and \$78 million of restructuring costs
- **Adjusted diluted EPS** of 17.5c reflects the lower adjusted EBITDA
- **Free cash flow (new definition)**<sup>5</sup> of \$(398) million includes a working capital outflow of \$306 million and exceptional cash costs of \$159 million. Our definition of free cash flow includes all cash flows before dividends and M&A
- **Working capital outflow** includes a \$265 million outflow in our Projects business as significantly lower activity levels in the year led to a significant working capital unwind

## Balance sheet

- **Net debt** of \$1.4 billion at 31 December 2021 reflects the negative free cash flow in the year
- **Net debt / adjusted EBITDA (reported basis)** at 3.3 times at 31 December 2021, within our covenant level for the Group's borrowings, which are set at 3.5x and measured twice per year

## Operational highlights

- **Order book up 19% year-on-year to \$7.7 billion**
  - Strong growth in both Consulting (up 24%) and Operations (up 27%)
  - Lower growth (up 2%) in Projects, partly reflecting our move away from higher risk lump sum contracts and with an improving trend as the year progressed
  - Strong recovery in the order book in the conventional energy market (up 45%) across both Consulting and Operations including several multi-year renewals
  - At December 2021, revenue in our order book for 2022 was \$4,655 million (December 2020: \$4,399 million)
- **Continue to reduce costs and reduce project risk exposure**
  - Around \$40 million of cost savings realised from our Future Fit Programme in the year
  - Continue to reduce our risk exposure across Projects business (see pages 28 to 29 for details)
- **Progress on our ESG strategy**
  - Multiple contract wins across energy transition and decarbonisation throughout the year as we continue to help our customers deliver on their own ESG commitments
  - 31% reduction in scope 1 and 2 emissions (target 40% reduction by 2030 on a 2019 baseline)
  - Maintained our "AA Leader" rating from MSCI
  - Increased female representation in senior leadership roles, targeting 40% by 2030

## Delay to results and Aegis Poland review

- On 21 February 2022, we announced that a delay to the publication of our results was necessary to finalise our reported results and to conclude the year-end audit process with our auditor, KPMG LLP. The delay was required to allow an external investigation and review to be undertaken, principally in relation to the historical carrying value of the Aegis Poland project contract and the process by which this was determined
- The investigation and review have been concluded and there is no change to the historical carrying value of the Aegis Poland contract or to the previously communicated year-end exceptional charge of \$99 million announced in our release of 21 February 2022

## Outlook for 2022

- We expect higher revenue across our business supported by the growth in our order book, with revenue in our order book for 2022 of \$4,655 million (up 6% on comparable figure last year)
- The proposed sale of the built environment business will have a significant impact on our reported results and, as such, we are not providing detailed financial guidance at this stage
- Cash performance will be impacted by ongoing exceptional cash drains (including SFO payments, restructuring costs, onerous leases and outflows on our Aegis Poland contract). As such we expect any improvement in our net debt to come from the proceeds from the sale of built environment
- As usual in our business, we expect a working capital outflow in the first half of the year. As such our net debt is expected to be higher at June 2022 than at December 2021



## Update on built environment sale

- Sale process progressing well, sale agreement expected to be announced in late Q2
- Sale is expected to deliver significant value for our shareholders, strengthen our balance sheet and provide the financial flexibility to deliver our strategy

## Update on activities in Russia

- In March 2022, we took the decision to exit Russia and have begun the process of withdrawing from operations in the country
- Operations in Russia accounted for around 1% of Group revenue in 2021

## CEO succession

- We announced today that Robin Watson, Chief Executive, has advised the Board of his intention to retire as Chief Executive
- The Company has initiated the process to appoint his successor and Robin will remain in his role until his successor is in place

## Capital Markets Day

- We plan to hold a Capital Markets Day at a later date and following the sale of the built environment business. This will include how Wood can best take advantage of the growth opportunities across energy security and sustainability
- This Capital Markets Day will include an updated view on the medium-term growth and margin prospects for the Group

### Notes

#### Adjustments between statutory and underlying information

The Group uses various alternative performance measures (APMs) to enable users to better understand the performance and earnings trends of the Group. The Directors believe the APMs provide a consistent measure of business performance year-to-year and they are used by management to measure operating performance and for forecasting and decision-making. The Group believes they are used by investors in analysing business performance. These APMs are not defined by IFRS and there is a level of judgement involved in identifying the adjustments required to calculate them. As the APMs used are not defined under IFRS, they may not be comparable to similar measures used by other companies. They are not a substitute for measures defined under IFRS.

- 1 Revenue for FY21 includes an exceptional item of \$(25.4) million related to Aegis Poland. Revenue (pre exceptional items) is an APM that is used throughout this Report as the Group believes it provides a more useful measure of performance year-to-year
- 2 Revenue on a like-for-like basis is calculated as revenue less revenue from disposals executed in 2021, and adjusted EBITDA on a like-for-like basis is calculated as adjusted EBITDA less the adjusted EBITDA from those disposals. These amounts are presented as a measure of underlying business performance excluding businesses disposed. In FY21 executed disposals consisted of our joint venture interest in Sulzer Wood. Comparative figures also exclude revenue and adjusted EBITDA from the disposals of our nuclear and industrial services businesses, YKK and our joint venture interest in TransCanada Turbines (TCT) completed in 2020. These disposals accounted for \$nil revenue in FY21 (FY20, \$76 million) and adjusted EBITDA of \$nil in FY21 (FY20, \$16 million). Like-for-like revenue growth refers to revenue (pre-exceptional items).
- 3 A reconciliation of adjusted EBITDA to operating profit (pre-exceptional items) is shown in note 1 to the financial statements.
- 4 A reconciliation of adjusted diluted earnings per share to basic earnings per share is shown in note 8 to the financial statements.

- 5 Free cash flow is defined as all cash flows before acquisitions, disposals and dividends. It includes all mandatory payments the Group makes such as interest and tax, and all exceptional cash flows. It excludes the impacts of leases. A reconciliation of free cash flow to our statutory cash flow statement is shown on page 38.

- 6 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 (RCF), the UKF, overdrafts and unsecured senior loan notes issued in the US private placement market (USPP). Cash and cash equivalents include cash at bank and in hand and short-term bank deposits. A reconciliation of net debt excluding leases to net debt including leases is shown in note 29 to the financial statements.

- 7 The majority of the Group's borrowings have financial covenants (RCF, USPP, UKF – as shown in note 6). The two covenant measures are: (i) net debt to adjusted EBITDA not exceeding 3.5 times; (ii) adjusted EBITA not less than 3.5 times interest. These covenants are measured on 30 June and 31 December each year. The net debt / 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. See calculations on page 41.

- 8 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

- 9 Adjusted EBITDA in 2021 benefited from a change in the classification of Aegis Poland contract losses. Previously these were included within adjusted EBITDA (\$11 million in FY20, \$9 million in HY21) and now have been classified (from H2 2021 onwards, including adjusting HY21) as exceptional items.

At a glance

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

## Our service defined operating model

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

- Consulting
- Projects
- Operations

Across two broad end markets:

- Energy
- Built environment

Our internal organisational structure is aligned to our operating model, with three service defined global business units: **Consulting, Projects and Operations**. Through these three complementary business units we have capabilities that span the entire "green-to-green" asset lifecycle from planning through design, build and operate to repurpose.

## A global business of breadth and scale

**c39k**  
people

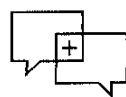
**60+**  
countries

**160+**  
year history

**c\$6bn**  
revenue

Find out more about our business at:  
[woodplc.com/company/our-business](http://woodplc.com/company/our-business)

## Three service lines:



Consulting



Projects



Operations

## Two broad end markets:



Energy



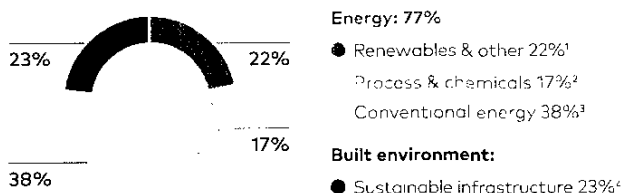
Built environment

## Green-to-green lifecycle of solutions:

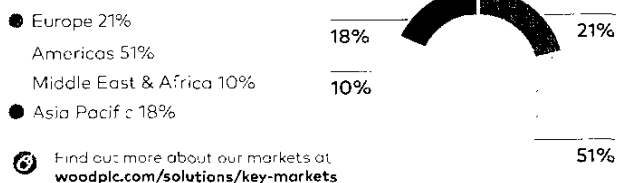
Plan ► Design ► Build ► Operate/Optimise ► Repurpose



## End market breakdown:



## Geographic breakdown:



## Notes

End market includes:

- 1 Renewable power (solar and wind), mining and minerals, industrial processes and power
- 2 Petrochemicals (including hydrogen and carbon capture), specialty chemicals and refining
- 3 Upstream and midstream oil and gas
- 4 Infrastructure, water and waste and environmental

## Our organisational structure

### Consulting

Specialist consultancy services delivered through a diverse, high-performing team of leading technical experts and project advisors. Delivers innovative solutions to complex technological challenges in the planning, design, build and operation of assets, facilities and infrastructure to ensure they are optimised for a transforming energy system, are more productive, efficient, reliable and are resilient for a changing world.

#### Key services:

- Environmental consulting
- Specialist engineering
- Infrastructure development

 Read more on page 31

#### Revenue:

**\$1.8bn**



#### End market breakdown:



##### Energy: 30%

- Renewables & other 12%<sup>1</sup>
- Process & chemicals 5%<sup>2</sup>
- Conventional energy 13%<sup>3</sup>

##### Built environment:


- Sustainable infrastructure 70%<sup>4</sup>

### Projects

Full suite of solutions from programme and project management, to engineering and design, procurement, construction and project delivery, across any major capital project lifecycle.

#### Key services:

- Project management and delivery
- Engineering design
- Construction

 Read more on page 32

#### Revenue:

**\$2.3bn**



#### End market breakdown:



##### Energy: 94%

- Renewables & other 38%<sup>1</sup>
- Process & chemicals 32%<sup>2</sup>
- Conventional energy 24%<sup>3</sup>

##### Built environment:

- Sustainable infrastructure 6%<sup>4</sup>

### Operations

Management and optimisation of our clients' assets. From maintenance, modifications, brownfield engineering, asset operations and management through to decommissioning.

#### Key services:

- Asset optimisation
- Modifications
- Maintenance

 Read more on page 33

#### Revenue:

**\$2.1bn**

c35%



#### End market breakdown:



##### Energy: 97%

- Renewables & other 8%<sup>1</sup>
- Process & chemicals 11%<sup>2</sup>
- Conventional energy 78%<sup>3</sup>

##### Built environment:

- Sustainable infrastructure 3%<sup>4</sup>

### Proposed sale of Wood's built environment business

In November 2021, we announced the initiation of a strategic review of the part of the Consulting business unit that faces the built environment end market. The review considered a range of options to best deliver value from this part of the business for our shareholders whilst also assessing how best to take advantage of positive trends and investment opportunities in energy transition and industrial decarbonisation.

In January 2022, the Board concluded that a full sale process for the built environment business is the best option. A process is underway with an expectation of the announcement of a sales agreement in Q2 2022. We will outline an updated strategy later in 2022. As part of preparing for the proposed sale of the built environment business, in Q1 2022 we began preparing for the future separation of that business by taking steps to create two distinct divisions within our Consulting business unit. These divisions are Consulting; consisting of our energy focused consulting activities, and Environment & Infrastructure Consulting; which is the subject of the proposed sale.


Our business model

# 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, industrial decarbonisation and sustainable infrastructure

 See pages 8 to 13

Talented, flexible and motivated workforce

 See page 58

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

 See pages 4 to 5

Capital structure and allocation

Flexible commercial model with a balanced risk appetite

Robust risk governance and operations assurance policies and processes

Sustainability strategy aligned with UN goals

 See pages 24 to 25

## Our purpose:

Unlocking solutions to the world's most critical challenges.

## Four primary trends shape our markets and drive our strategy:



### Energy transition and industrial decarbonisation

Engineering solutions supporting energy delivery, the transition to a low-carbon future and addressing complex industrial decarbonisation challenges.



### Sustainable infrastructure

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

## 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**

**Optimise and standardise service delivery model** to achieve exceptional execution

**Optimising our portfolio** mix of services and markets in line with our strategic objectives

## Our culture:

### Our vision

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

### Our values

Care Commitment Courage

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

### Our strategic objective:

To be a premium, differentiated business delivering exceptional returns for our clients, our team, our investors and the communities in which we work.



#### Future skills

Developing inclusive, agile and high-performing teams, with the right skills, in the right place, at the right time to remain competitive and well positioned for growth with the flexibility to respond to evolving client demands.



#### Technology and 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 deep domain knowledge 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


### Value outputs

#### For investors

- Total shareholder return
- Growth and cash generation

#### For our people

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

 Read more on page 58

#### 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\$1.4m**

 Read more on page 64

### Our behaviours

Listen up  
Team up

Lift others up  
Speak up

Stand up  
Don't give up



To find out more visit:  
[woodpic.com/company/our-business](http://woodpic.com/company/our-business)

Our strategy in action

## Unlocking innovative solutions for energy transition and industrial decarbonisation

*We work as a trusted partner across many aspects of the energy transition from decarbonising energy and industrial activity, to delivering solutions for renewable energy and low-carbon fuels and contributing to the development of new energy policy.*

### Decarbonisation of energy and industry

Climate change is one of the biggest challenges of our time and the decarbonisation of industrial processes is one way to counter this and a key objective for policy makers and hard-to-abate industries.

Wood has a wide range of capabilities to help clients achieve decarbonisation targets, from low investment projects that improve efficiency or reduce oil and gas flaring to larger investments in the electrification of assets using renewables such as solar, onshore and offshore wind as well as carbon capture and storage (CCS) and hydrogen.

The opportunity lies in smart technology and solutions to help deliver existing industrial processes and conventional energy sources as cleanly, efficiently and securely as possible, whilst also charting the pathway to newer, cleaner sources

### Decarbonising the largest gold-producing complex in the world

Wood is working with long-term client, Nevada Gold Energy LLC, to install a solar power plant, substation and transmission lines to deliver approximately 120 MWac of solar energy to help decarbonise activities resulting in a zero-emissions mining project.

The plant near Elko, Nevada, will comprise of 320,000 solar modules and produce upwards of 277,000 MWh of electricity every year for the next two to three decades.

It is estimated up to 250 people will be employed within the scope of this contract, the majority of which will be Nevada residents from Elko or surrounding Nevada towns.

This engineering, procurement and construction agreement will directly offset carbon emissions from Nevada Gold's

operations as it shifts away from using its adjacent coal-fired power plant, which is approaching 220 million pounds of coal burned, or the equivalent of over 42,000 passenger vehicles driven for a year.

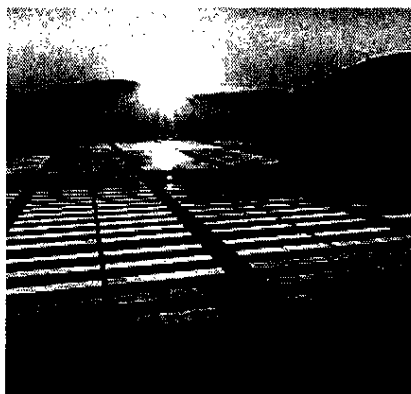
This is an excellent example of a company leading the charge with a clear commitment to reduce carbon at its global operations and demonstrates how Wood can deliver added value with decarbonisation and renewables expertise to support client goals.



## Utilising solar power for cleaner energy production in the US

Wood has signed an engineering, procurement and construction (EPC) contract for a package of four solar projects, to provide renewable power for Chevron's onshore oil and gas operations in the USA.

This project is an example of how Wood can help clients decarbonise oil and gas operations using our renewables expertise. Conventional energy will remain an important part of the energy mix for decades to come and it is important we can partner to make production as clean as possible.



## Delivering a UK carbon capture hub

Wood is the integration project management contractor (IPMC) for Humber Zero, one of the leading industrial decarbonisation projects in the UK.

As the most carbon-intensive industrial cluster in the UK, the Humber emits 12.4 million tonnes a year. Humber Zero is a hybrid carbon capture and storage (CCUS) and hydrogen project which will provide a cost effective, low-carbon supply of energy and storage opportunities to industry in the Immingham area. The project could decarbonise the Immingham industrial complex by capturing up to 8 million/tCO<sub>2</sub> per annum for transportation and storage in nearby offshore storage locations.

Following feasibility and pre-FEED studies carried out by Wood to support the development of the Humber Zero project, a multidisciplinary team from across Wood are facilitating the development and integration of the designs across the FEED packages including interface management, safety studies, licensor selection and scoping of future services. In addition, Wood will support VPI Immingham and Phillips 66 through the subsequent FEED delivery and EPC contractor tendering process.

Carbon capture and storage is one of the components of the 10-point plan for the UK Government's Green Industrial Revolution, and is critical to the UK achieving its legislated goal of net-zero carbon emissions by 2050. The UK Government has also set a target to remove 10 million tonnes of the UK's annual CO<sub>2</sub> emissions by 2030. This figure is equivalent to all industrial emissions from the Humber region and means the Humber Zero project is set to become the UK's gateway carbon capture project.



Visit our energy transition hub:  
[woodplc.com/solutions](https://www.woodplc.com/solutions)

## Accelerating the development of low-carbon fuels

To deliver a net-zero future, accelerating the development of low-carbon fuel solutions in urban mobility and transportation, including heavy vehicle and aviation sectors, is essential.

Transport is more than just getting from A to B, it fundamentally impacts our quality of life, health and shapes our cities, towns and countryside.

As more countries across the globe set ambitious targets, Wood focuses on solving challenges in vehicle decarbonisation and sustainable fuels including hydrogen.



### Putting air travel on a flight path to net-zero

Wood is working with long-standing partner, Honeywell UOP, to combine technologies to produce carbon-neutral, and carbon-negative, renewable fuels which could transform the aviation industry in the near-term.

Honeywell UOP's Ecofining™ process converts non-edible natural oils, animal fats and other waste feedstocks into Honeywell Green Diesel™ and Honeywell Green Jet Fuel™, which are chemically identical to their petroleum-based counterparts.

The process requires significant volumes of hydrogen and with more than 60 years' of experience in the hydrogen sphere, Wood's Steam Methane Reformer (SMR) technology is combined with Ecofining to produce biofuels.

These fuels not only offer improved performance over commercial petroleum-based diesel and jet fuels but can be used as a drop-in replacement in vehicles and aircraft with no equipment modifications.

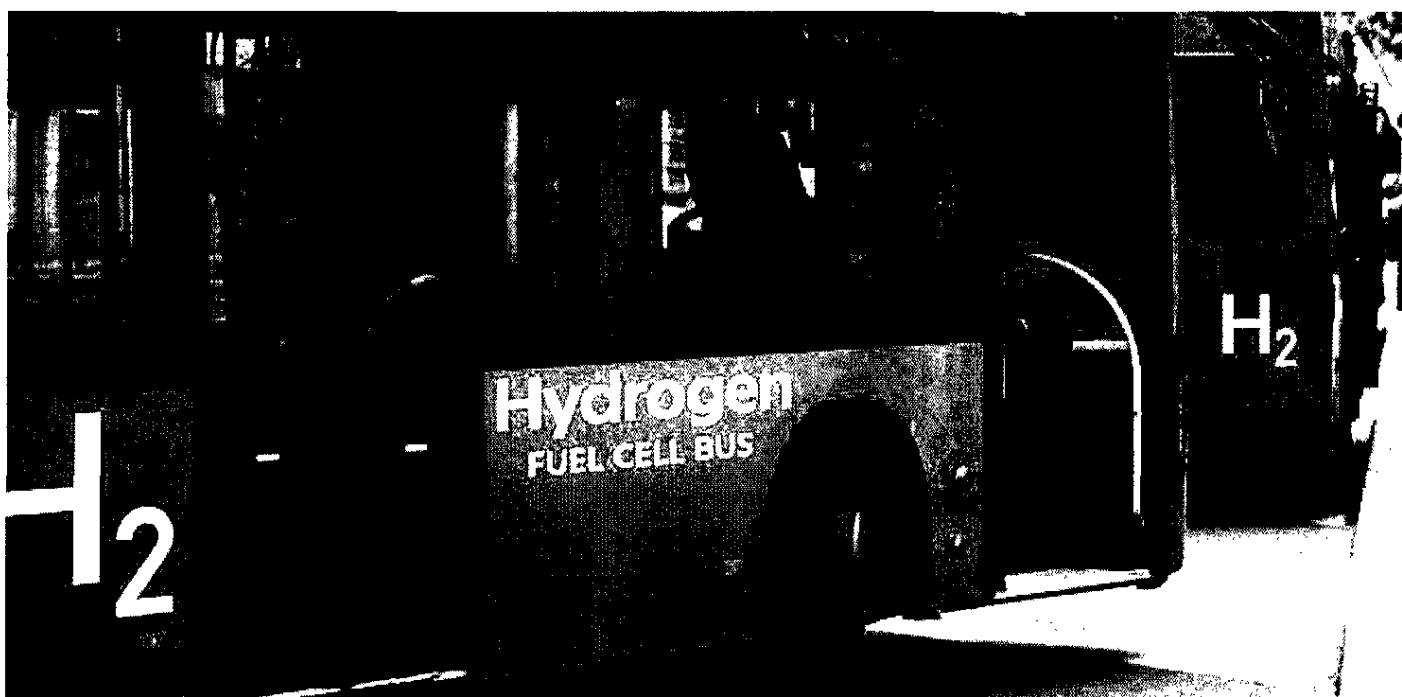
When using a feedstock such as used cooking oils, lifecycle GHG emissions can be reduced by 80% at this stage compared to conventional petroleum jet fuel.

These technologies combined are currently delivering the first advanced biofuels project in South America at the Omega Green production facility in Paraguay to produce up to 20,000 barrels per day of renewable diesel and jet fuel.

As the next step in enhancing the Ecofining process technology offering, Wood's technology will be integrated to use the by-products of the UOP Ecofining process technology to produce renewable hydrogen, reducing lifecycle GHG emissions a further 10% when compared to the total GHG emissions produced by conventional petroleum jet fuel. The renewable hydrogen is then injected back into the Honeywell Ecofining process to remove feed impurities and create a cleaner burning renewable fuel.

The carbon dioxide (CO<sub>2</sub>) that is generated from the production of the hydrogen can be captured and routed for permanent underground sequestration using the Honeywell H2 Solutions technology suite, further reducing lifecycle GHG emissions an additional 10% when compared to the total GHG emissions produced by conventional petroleum jet fuel. The combination of technologies will result in an aviation fuel that is effectively carbon-neutral.





## Advancing US renewable fuels

Wood is delivering a project for Renewable Energy Group (REG) that will expand REG's renewable diesel fuel offering to help meet the world's growing demand for lower-carbon fuels.

The engineering, procurement, and construction management services contract will support REG's Geismar improvement and expansion project at its renewable diesel biorefinery in Geismar, Louisiana.

The project will take total site production capacity from 90 million to 340 million gallons, enhance existing operations and improve operational reliability and logistics.

## Accelerating the production of green hydrogen for transport

Wood has agreed a Memorandum of Understanding (MoU) with HyGen Energy to develop solutions for future hydrogen production plants to decarbonise transportation in the UK.

The partnership begins with the conceptual design for one of the UK's largest facilities at Herne Bay, Kent.

The plant will generate green hydrogen from existing offshore wind farms, with a production capacity of between eight and nine tonnes of green hydrogen per year, to be used in zero emission mobility transport solutions in the Southeast of England

This project marks a tangible step towards delivering the UK Government's strategy to achieve 5GW of low-carbon hydrogen production capacity by 2030.

## Unlocking the hydrogen revolution

Hydrogen has the highest energy content of any fuel we use today. It produces zero emissions or pollutants during the combustion process, making it a key component in the race to net-zero.

Wood has more than 60 years of experience in the hydrogen industry and has supplied hydrogen production units worldwide, based on its proprietary steam reforming process.

Wood is now evolving this technology to provide class-leading blue and bio hydrogen solutions. It also has expertise in renewable power and associated green hydrogen solutions and is developing solutions for both smaller niche application and larger scale industrial developments.

In 2021, Wood became a steering group member of the Hydrogen Council, a group of leading companies working together to ensure hydrogen plays a key role in accelerating the energy transition and the journey towards a low-carbon future.

This places Wood at the heart of industry-led debate, with further influence on the role that hydrogen will play in future energy policy, and informing the development of a unified approach to energy transition and decarbonisation.

## Advancing towards a lower carbon economy

Wood is working on Cadent's HyNet North-West project which, from 2025, will produce, store, and distribute hydrogen as well as capture and store carbon from industry in the North-West of England and North Wales.

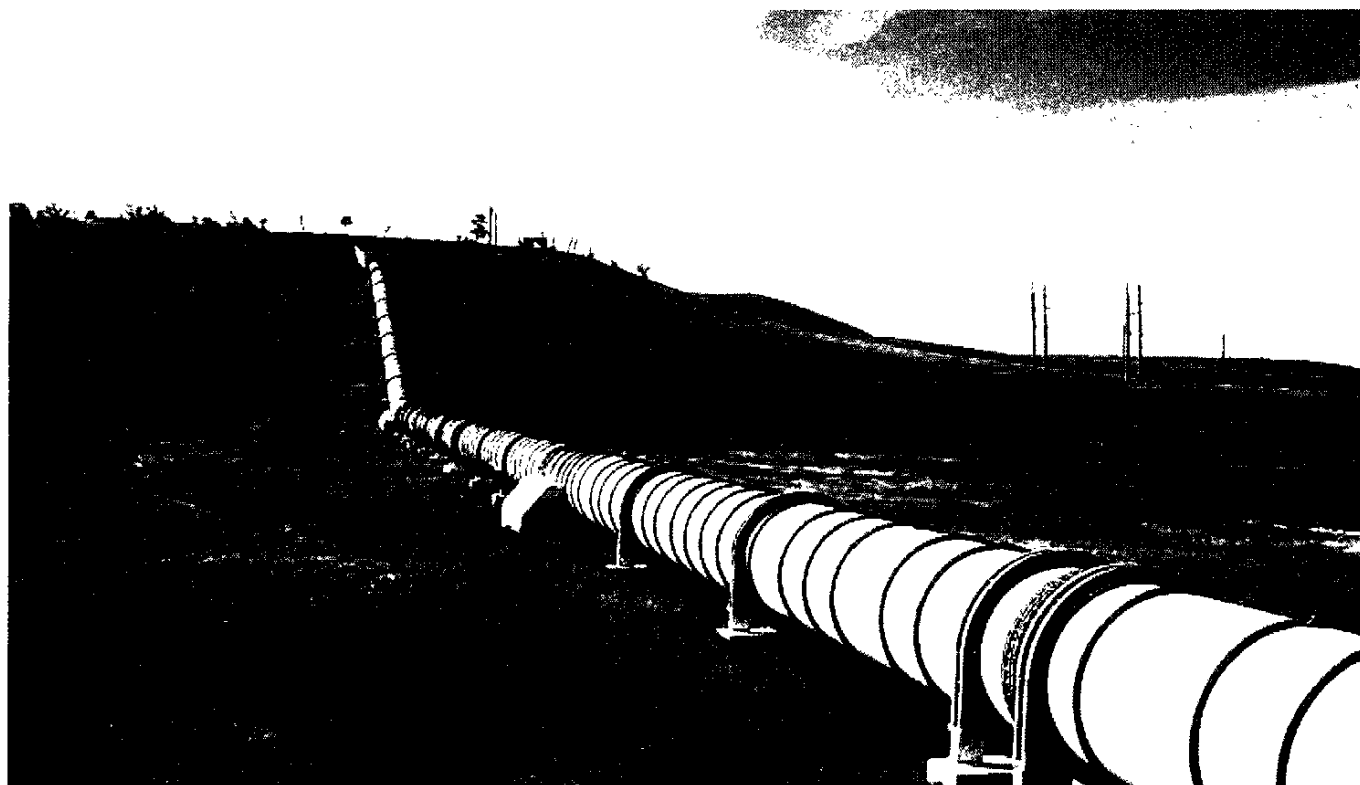
This first-of-its-kind, hydrogen storage and distribution pipeline infrastructure project aims to unlock a lower carbon economy for the region and reduce carbon dioxide (CO<sub>2</sub>) emissions by 10 million tonnes a year by 2030, the equivalent of taking 4 million cars off the road.

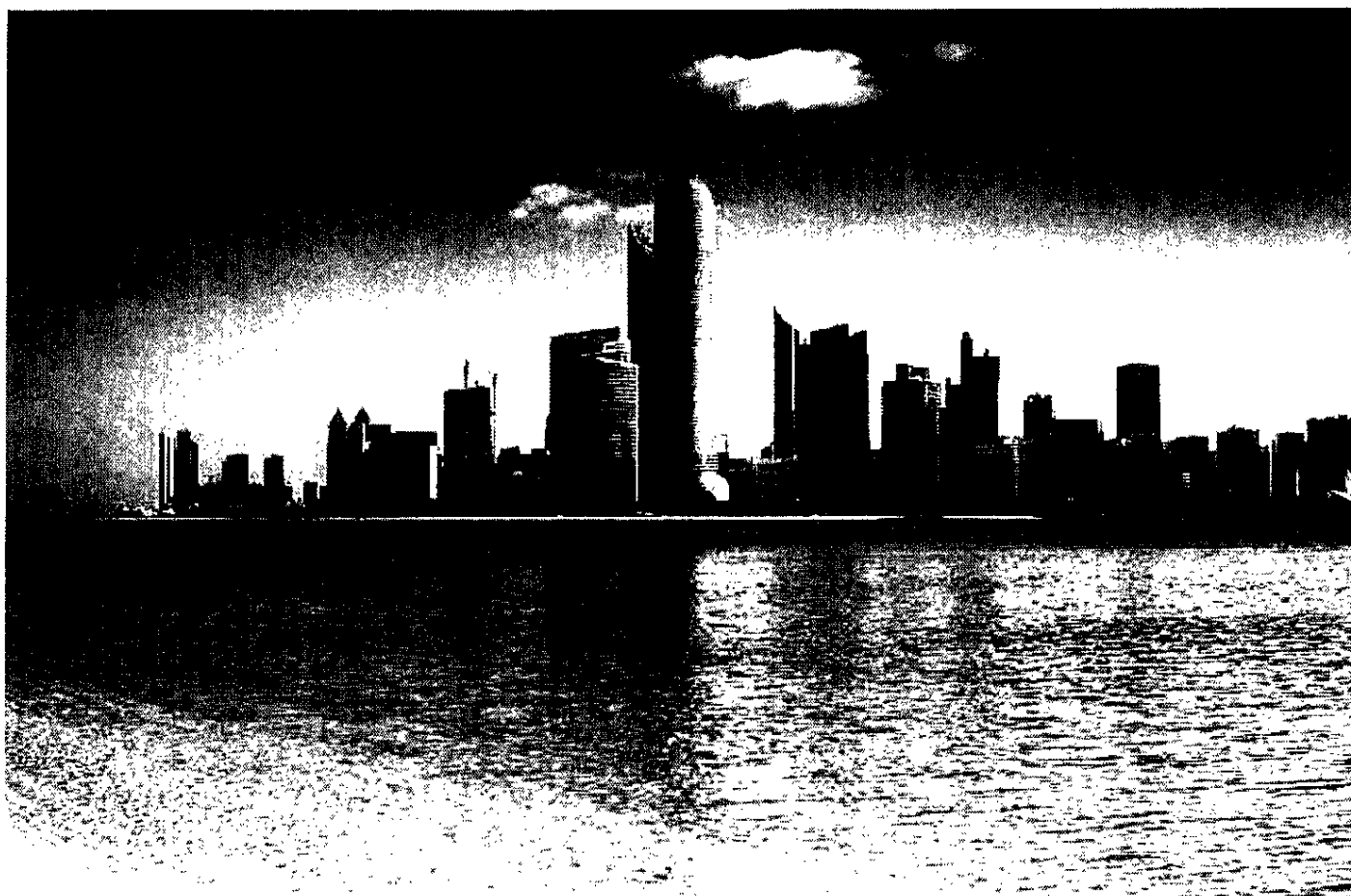
The project will use state-of-the-art technology to build new energy infrastructure, whilst also upgrading and reusing existing infrastructure currently used in fossil fuel production.

As part of the scope of work, a multidisciplinary Wood team will lead the design, consenting and consultation of a new 85km hydrogen pipeline and above ground installations.

Wood will also provide land rights consultation and engagement services to support the application for consent.

As well as reducing CO<sub>2</sub> emissions from industry, the project will provide fuel for transport, heating homes and businesses and could put the region at the forefront of the UK's drive to reach net-zero by 2050.





## Leading the charge on exporting green hydrogen

Wood is leading on a project, alongside other key industry players, to explore export opportunities for green hydrogen produced in Scotland.

The 'Scot2Ger' collaboration was commissioned by Scottish Enterprise to examine the emerging and substantial German demand for zero-emission hydrogen.

Exporting green energy to Europe could result in £25bn gross value added (GVA) and over 300,000 jobs for Scotland by 2045. Wood's role on the project involves working together with partners to assess locations, scale, transportation and future green hydrogen customers.

## Propelling the transition in the Middle East

Wood has signed an agreement with the Abu Dhabi National Oil Company (ADNOC) to perform Pre Front-End Engineering and Design (FEED) work for a world-scale blue ammonia production facility in Ruwais, Abu Dhabi.

Blue ammonia is made from nitrogen and blue hydrogen derived from natural gas feedstocks, with the carbon dioxide by-product from the hydrogen production captured and stored.

Blue ammonia can be used as a low-carbon fuel across a wide range of industrial applications, including transportation, power generation and industries including steel, cement and fertiliser production. The facility's capacity will be 1,000 kilotons per annum.

This pioneering project will help drive the UAE's leadership in creating local and international hydrogen value chains and deliver new ways for the region to unlock the potential of its natural resources whilst supporting the move towards a low-carbon economy.

## Effective engagement with our stakeholders

The Board recognises that the medium and long-term sustainability of the Company is linked with delivering value for our stakeholders. In order to successfully deliver our strategy and create value for our stakeholders it is important to understand what matters to them.

Through regular engagement, we gain insight into the different perspectives of our diverse stakeholders, who often represent competing interests. Considering their insights and opinions builds strong, constructive relationships and 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 58.

#### Areas of engagement and outcomes

The Company carries out 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 2021 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. The LGN grew in membership by over 20% during 2021.

 More information describing the matters raised and outcomes of engagement can be found on page 60.

#### 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.

Feedback from our employees highlighted that there was room for improvement with regard to mentoring, career development and learning opportunities. In response, the MentorConnect app was developed in-house to provide an agile digital solution to globally connect and accelerate access to mentors across our business. The app was launched in May 2021 following a successful pilot with 68% of users reporting career development benefits. In addition, internal training solutions are being developed and delivered through the Wood Academy in order to address future skills and learning needs.

#### Board engagement with leaders and 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 continuing Covid-19 challenges during 2021, these physical meetings have not taken place, but established mentoring relationships have continued.



## Investors and 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 into their priorities. The Company's long-term success is also dependent on its good relationship with its lenders and their continued willingness to lend.

### How we engage

We have an active investor relations programme led by the Chief Executive, Chief Financial Officer (CFO) and 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

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 interim and full year results are announced to update them on financial performance and give them the opportunity to ask further questions.

### Areas of engagement and outcomes

In addition to routine engagement on financial performance, strategy delivery and governance, we undertook engagement on certain specific matters in 2021 as outlined below.

#### Maintaining our leading position in Environment, Social and Governance (ESG) disclosure matters through measurable targets embedded in executive remuneration

Through our regular engagement activities with investors, and ESG rating agencies, we are able to understand their evolving approaches and information requirements around ESG matters. As a result, we continue to enhance disclosure of our strategic approach to ESG matters in our results announcements and presentations and have focused on enabling the measurement of our performance on ESG matters that are material to Wood and our stakeholders.

In 2020, Wood committed to a set of targets aligned to the UN Sustainable Development Goals (SDGs) to measure performance against our sustainability strategy in key areas of inclusion and diversity; fair working practices; and our impact on communities and the environment. Through our engagement with investors, we identified an emerging focus on linking ESG performance with executive remuneration and consequently ESG targets were embedded in the 2021 annual bonus and long-term incentive plans for Wood's executive directors. We informed investors of this approach and will continue to consider their feedback for future remuneration plans. Our approach demonstrates the importance of our ESG and sustainability programme and enables investors to better assess our non-financial performance both individually and relative to our peers.

#### Securing funding through the UK government backed Export Development Guarantee Facilities (UKEF scheme) with continued support of lenders

We undertook engagement with our lenders to apply for a term loan through the UKEF Transition Export Development Guarantee (EDG) scheme, allowing Wood to diversify its funding sources.

As a result of extended engagement with UKEF by Wood's CFO and the Treasury, Sustainability and Business Development teams, we were able to present our Climate Transition Plan to the UK government that fully satisfied their support criteria resulting in a successful application for a \$600m five-year term loan from a group of six of Wood's existing relationship banks, 80% guaranteed by UK Export Finance. The facility provides Wood with a source of working capital to invest in unlocking the many low-carbon growth opportunities across the business and represents the first Transition EDG signed by UKEF.

The facility includes KPIs linked to growing export revenue related to energy transition and sustainable infrastructure and reducing scope 1 and 2 carbon emissions, reflecting the confidence and support that UKEF and our relationship banks have in our strategy aligned to delivering solutions for a net-zero future and enabling sustainable and resilient living.

Wood has always endeavoured to maintain and develop long-term relationships with its banks and their continued support is evidenced by the successful application for funding through the UKEF scheme.

#### Ensuring continued support of lenders to secure sustainability linked Revolving Credit Facility (RCF)

We undertook engagement with our lenders to negotiate a new five-year committed sustainability linked RCF. The sustainability KPIs mirror those negotiated for the UKEF facility and the Wood Treasury team worked with BBVA as sustainability coordinator to present a detailed insight into Wood's strategy linked to energy transition and sustainable infrastructure to the banking group.

As a result of the engagement, Wood secured a \$1.2bn, five-year committed RCF with a group of 14 of its existing relationship banks plus 2 new participants, maturing in October 2026 and priced at the same margin as our maturing facilities. The facility extends the maturity profile of Wood's debt facilities by replacing the existing \$1.75bn RCF that was due to step down to \$1.5bn in May 2022 and then mature in May 2023.

The level of commitment offered by our banks was significantly more than the \$1.2bn that we requested which demonstrates the strong support we continue to receive from our banking partners.



## Clients

The Company's long-term success is underpinned by our clients and consistent, best-in-class delivery that is aligned to their 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 capability, scale, global reach and leading solutions.

### How we engage

Client engagements are managed through our structured Client Management Framework (CMF) by dedicated account managers with specific account planning and objectives as well as established growth targets. Senior leadership meetings, annual sponsor meetings and other key connections with clients were conducted in 2021 both virtually and in person, where it was possible to do so safely. During 2021 we saw a measured return to face-to-face conferences with COP26 being the most significant. At COP26, Wood's CEO, ELT, and other senior leadership hosted international clients, partners, and government officials in forums dedicated to discussing climate change and other sustainability issues.

Our primary focus is:

- Safe and best-in-class outcomes
- Enduring relationships underpinned by deep understanding of our clients challenges, trust and performance
- Delivering sustainable and digitally-enabled solutions



## 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 and 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 innovation and upcoming projects to help us align business goals.

### Areas of engagement and outcomes

Client engagement sessions cover a broad range of topics such as: safety, delivery performance, ESG and sustainability topics, update on strategic themes and exploring opportunities to jointly raise delivery outcomes and co-create value-added solutions. These engagements are an opportunity for Wood to listen to clients and vice versa and resulting 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 sustainability partnerships

Wood has a long history of collaboration with Honeywell. Over the past several years we have strengthened this relationship to focus our combined efforts to meet the requirements of our respective clients in the areas of sustainable aviation fuels, hydrogen and digitisation.

Based on client and market demands to significantly reduce GHG emissions in the aviation industry, Wood and Honeywell have recently announced a comprehensive package of technologies to support the efforts of our clients to produce carbon-neutral aviation fuel. When used together, the technologies, which are based on Honeywell's UOP Ecofining™ process technology and Wood's hydrogen plant technology, could reduce lifecycle greenhouse gas emissions by 100% when compared to traditional petroleum aviation fuel (read more on page 10).

To meet the needs of our refining clients to increase efficiency and improve profit margins, Honeywell UOP has partnered with Wood to embed Wood's process models for its Selective Yield Delayed Coking technology into Honeywell's Connected Plant offering.

Together, we have jointly presented our value proposition on both initiatives to potential clients and are finalising proposals for numerous project opportunities.

Whilst partnering with Honeywell to provide sustainable energy solutions, Wood remains a key supplier to Honeywell of environmental remediation services, reducing Honeywell's own legacy liabilities. The Honeywell / Wood relationship is long-standing with over 50 years of working together.

During 2021, Wood's supply chain team engaged with suppliers as part of a rationalisation programme aimed at streamlining Wood's relationships with suppliers to drive better value and stronger relationships. By rationalising the supply base we set a strong foundation for the delivery of our target to ensure 100% of Wood's labour suppliers sign up to and comply with the Building Responsibly Principles to ensure best-in-class safety performance. Wood's supply chain team is also engaging with suppliers to embed Supplier Relationship Management (SRM) tools and processes with the rationalised supply base to facilitate the achievement of our target.





## Environment

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. As a solutions provider it is critical for us to engage with a broad array of stakeholders from a strategic level down to individual project level on a wide range of environmental topics.

### How we engage

We engage with a wide range of stakeholders including regulatory and industry bodies, shareholders, banks & lenders, employees and clients. Our integrated HSSEA management system provides the framework for how we manage environmental risks. However, our engagement with stakeholders also focuses on our ability to deliver on our purpose and strategy aligned to innovative solutions for a net-zero future.


With such a broad range of stakeholders, using a diverse range of engagement techniques has enabled us to stimulate quality interactions, innovative thinking and work with our stakeholders to exchange knowledge and ideas. Our engagement processes include:

- Direct engagement
- Collaborations with client and peer organisations
- Hosting and participation in webinars and events
- Social media
- Disclosures platforms (e.g. Carbon Disclosure Project) driven by stakeholder engagement

This year Wood hosted a COP26 event in Glasgow, this was a key engagement event bringing together global leaders, CEOs and a range of industrial and community stakeholders with a full schedule of events designed to accelerate action towards combating climate change.

Further information on our COP26 event is contained on our web pages at: [woodplc.com/cop26](https://woodplc.com/cop26)

 Read more on our sustainability targets on pages 24 to 25

 Read more on our approach to environmental management on pages 52 to 57

### Areas of engagement and outcomes

This year we saw a huge amount of activity around climate change across numerous stakeholder groups, it has been the dominant environmental issue for Wood and many of our investors and clients. Highlights from just a few of these engagements are discussed below:

- During COP26 we joined the Climate Tech thought leadership panel facilitated by ScotlandIS, the trade body for Scotland's digital technologies industry. The panel discussion focused on the role of climate technologies in Scotland's journey towards its 2045 net-zero targets. In addition, on "Transport Day" Wood's Zero-Emission Mobility team took part in a discussion of the challenges and opportunities of electric mobility and how our transport experts are producing roadmaps for fleet decarbonisation
- We engaged with UKEF and our lenders on our Climate Transition plan to secure a term-loan 80% guaranteed by UKEF and a 5-year sustainability linked Revolving Credit Facility
- In response to engagement with our leadership, executives and board and with investors and ESG rating agencies, we embedded our sustainability targets in bonus and long-term incentive plans for our executive and leadership teams
- We participated in the annual voluntary 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 benchmark our performance against that of our industry peers and global business community and has helped to inform our approach to climate change issues. In addition, CDP's disclosure platform provides the mechanism for reporting in line with recommendations of the Task Force on Climate-related Financial Disclosures.
- We joined the Hydrogen Council, a group of leading companies working together to ensure hydrogen plays a key role in accelerating the energy transition, as a steering member
- We entered a strategic partnership with leading global resilient infrastructure organisation, The Resilience Shift. The multi-year agreement will focus on influencing climate and economic policy to ensure the delivery of resilience in critical infrastructure development
- Ongoing environmental regulatory engagement across the business, from commenting on draft environmental legislation to tactical discussions on projects such as Wood's engagement with the Scottish Environmental Protection Agency (SEPA) on a project to stop a million tonnes of waste stone being disposed of at landfill (see page 52 for further details)

Further information on our environmental approach, performance and ongoing strategy is contained in our annual Sustainability Report which is available at: [woodplc.com/company/sustainability](https://woodplc.com/company/sustainability)

## Community

As a trusted partner in our shared communities, we seek to create a sustainable future for the people and places we impact.

Demonstrating our values, passion and commitment to tackling the issues most important in our communities, our efforts aim to deliver value and ultimately help to improve lives.

### How we engage

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


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

### Areas of engagement and outcomes

Our employees remain at the centre of our decision making on community investment. They are best placed to understand the needs of our communities, by consulting our employees we seek to embed accountability for the actions we take, ensuring an inclusive approach to all that we do.

In 2021, as Team Wood we contributed \$1,380,137 to good causes in our communities, through the donation of time, money and resource, including employee efforts to fundraise for causes close to their hearts. In addition, our third annual global challenge in support our Global Cause of education resulted in 26 applications for educational causes across 9 countries being supported. The annual challenge allows our employees to have a say in how we support our Global Cause and to identify which organisations we align and contribute to.

Also in 2021, through engaging with her community, an employee in the Middle East helped to promote education opportunities for women and girls in the region after becoming aware that many were not given the opportunity or were aware of the opportunities to finish their education, pursue higher education or a career. Realising that the local women from her office were excellent role models, she saw an opportunity to reach the younger generation by visiting local girls' schools on several occasions and discussing with them their studies, careers and journeys. She is also working in collaboration with an Iraqi non-profit organisation, with funding provided through the Wood Global Cause, on the Empowerment Project, currently sponsoring 50 orphans from Iraq and providing them with an education.

 Further details on the outcome of community activities are on pages 64 to 67

Covid-19 social distancing measures continued to affect many of our employees' planned community activities, with many being cancelled or postponed, in turn reducing the number of matched funding applications in 2021. To increase engagement, and further promote Wood's support for employee fundraising efforts our central community investment committee increased matching limits, to directly match more applications, and allowing increased donations to employees raising smaller amounts.

## Pension plans: Current and deferred workforce and pensioners

We are committed to offering our workforce suitable retirement plans, where appropriate. We engage with those who are currently employed to enable them to understand the range of offering and make the right choices.

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 benefits team.

### 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 and onboarding processes.

In the UK, we have member nominated trustees who represent current, deferred, and retired members; these are elected by participants in the pension plan. The Company also has company nominated trustees. The Trustee is responsible for detailed communications with its members and works with the Company to ensure communications are appropriate and relevant. During 2021 the UK pensions administration team undertook additional engagement activities with members including the development of an enhanced website, an online feedback page, and an inclusive survey to all defined contribution members. Feedback from the survey will be used to inform Trustee decisions in 2022.

In the USA and Canada, we have 401k committees who meet quarterly to fulfil all fiduciary requirements. In the USA we proactively engage with employees along all phases of their retirement journey. In 2021, the U.S. retirement benefits team redesigned the suite of enrolment materials, encouraged younger employees to save through lunchtime webinar-based education meetings, and inspired pre-retirees to evaluate how health care costs could impact their retirement income through a multichannel targeted campaign. We leveraged our dedicated portals, such as Yammer, Wood News, and a virtual benefit fair platform, to direct employees to education and resources on a variety of financial wellness topics that were related to the overall Wood Wellness Champions' messaging.

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, ESG reporting requirements, and structural changes.

### Areas of engagement and outcomes


Issues raised by the Trustee and Committees are carefully considered by the executive leadership team 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

The Board considers principal decisions to be those decisions that are strategically important, with significant medium to long-term implications and consequences for the Group or our key stakeholders.

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 impact of climate change, our stakeholders' priorities 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 14 to 18

### Commitment to measurable sustainability targets

At Wood we believe the power to create a better tomorrow starts with us all and we recognise achieving a sustainable future is one of the most significant challenges facing our generation.

To meet that challenge the Board had oversight of the development of a Sustainability Framework which included the setting of a number of measurable targets for the delivery of Wood's contribution to global sustainable development. In addition to Wood's carbon reduction target that was announced in 2020, the Board approved eight further sustainability goals in the key areas of delivering our purpose aligned to solutions for a net-zero future; inclusion and diversity; human rights and fair working practices; community investment and environmental impact. See pages 24 and 25 for further details on these targets.

Our regular engagement with a range of stakeholders including employees, investors, lenders, rating agencies and regulatory and industry bodies enabled the Board to consider the competing priorities of these stakeholder groups as well as the wider societal expectations. The Board recognised:

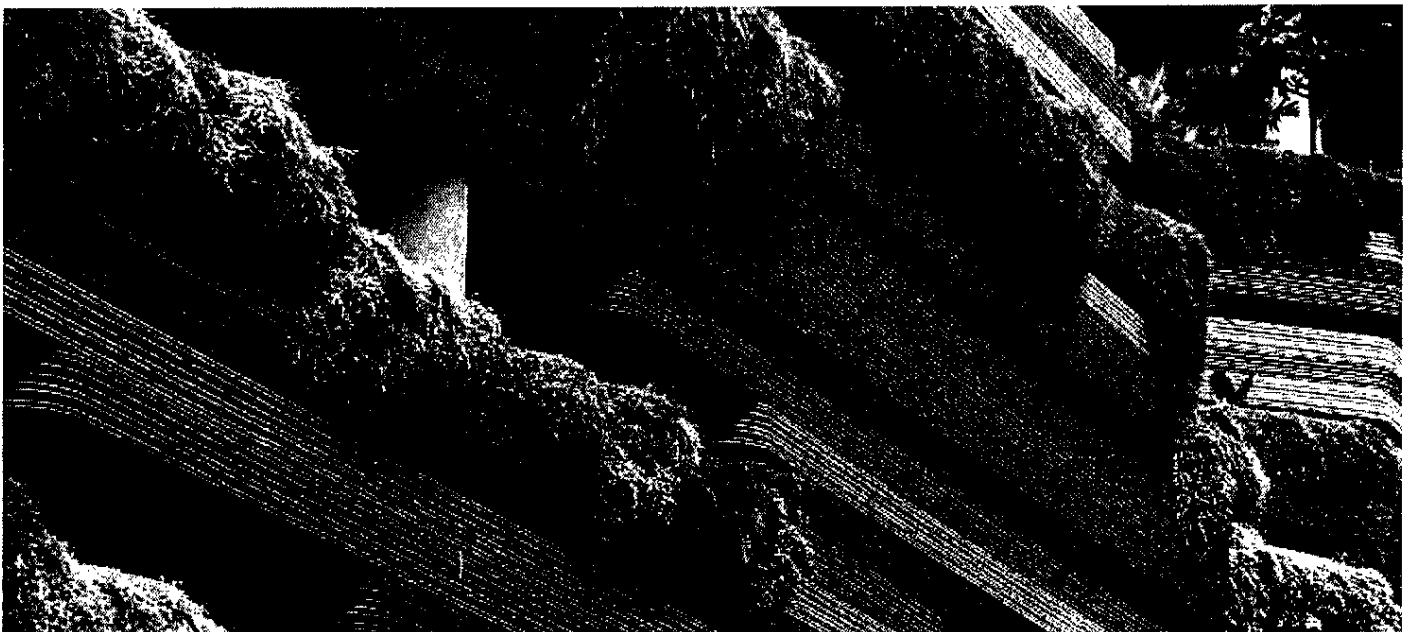
- The focus on financial returns and risk management amongst investors and lenders but also their increasing expectations for companies to have a robust approach to ESG matters

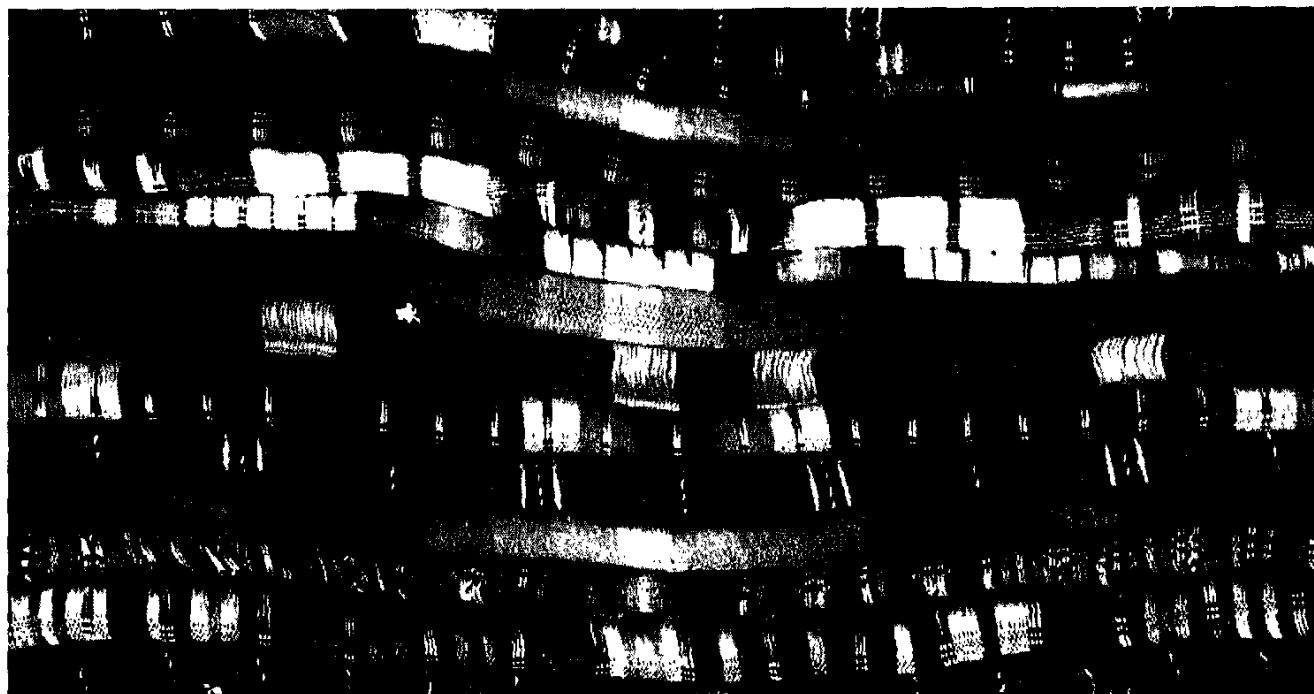
- The expectations of employees for their rights and welfare to be respected and protected in a safe, transparent and ethical working environment
- The increasing public awareness of global equitable development and sustainability and the demand for more action from companies and investors

As a result of this engagement, the Board approved targets which it considers to meet the needs of these key stakeholder groups whilst also being aligned to matters most material to the business strategy and purpose. In reaching the decision the Board supported strategic actions to identify targets that are challenging but achievable. The Board also ensured the targets were capable of being fully embedded into the approach to deliver Wood's strategy with appropriate governance in place to review and evaluate progress.

By implementing these strategic actions, the Company achieved, or aims to achieve in the medium to long-term, the following outcomes:

- Maintenance of a reputation for high standards of business conduct by consolidating and continuing the Company's contribution to global sustainable development
- Delivery of Wood's contribution to global sustainable development, including climate-related matters
- Supporting the communities Wood operates in
- Delivering better opportunities for employees





## Diversity, culture and inclusion

Organisations with a diverse workforce benefit from varied perspectives, which can lead to better decision making resulting in a competitive edge. Equal access to opportunities creates an environment where openness, belonging, and respect allow people to have an impact on the workplace in a meaningful way and can lead to improvements in attraction, retention and development of talent, as well as innovation and creativity.

The Group has made further commitments to diversity, culture, and inclusion during the year. Diversity and inclusion are viewed by our investors and wider society as a measure of fairness and social progress which is fundamental to creating value in the long-term. It is important that we reflect the diversity of the communities in which we operate and that our employees can expect to be treated fairly and are not subject to unconscious bias.

During late 2020 we undertook an Organisational Health Index (OHI) survey to determine the status of diversity, culture and inclusion within the business through engagement with our employees. The OHI survey was conducted to review how the organisation aligns itself, executes with excellence and evolves to sustainably achieve its performance aspirations related to diversity, inclusion and maintaining an effective culture. The survey received around 10,000 employee responses covering 51 countries. In addition to the OHI survey, in 2021 employees were invited to participate in an all-employee survey which recorded around 18,000 responses from 37 countries. The survey sought feedback on our flexible working arrangements, mentoring, career development and learning opportunities and how we could better support our employees' wellbeing.

The results of both surveys were translated into strategic actions which were considered by the Board with a focus on enhancing the contribution of all employees to the success of the business, raising awareness and prioritising the wellbeing of our people and community. The strategic actions endorsed by the Board include:

- Educating and raising awareness on diversity, culture and inclusion through training, including unconscious bias training
- Increasing visibility of formal mentoring/sponsorship and networking opportunities to enable employees to maximise development potential
- Ensuring inclusive communications and role models
- Developing leadership opportunities across the workforce
- Promoting meritocracy by defining the relationships between individual performance, accountability and recognition
- Engaging the communities where we operate to increase the visibility of science, technology, engineering and mathematics (STEM) careers

These strategic actions approved by the Board aim to achieve in the medium to longer-term:

- Creation of an inclusive workforce who feel valued and are aware of their development opportunities, including mentoring and role models
- Development of a diverse pipeline of potential candidates for leadership roles at all levels, challenging any perceived "glass ceiling" to progression
- Increased focus in the business on investment to support education and raise awareness
- Improved reporting and monitoring of behaviours, for example, unconscious bias behaviours, to enable the Board to assess the effectiveness of Wood's culture and take corrective action as appropriate

### Application for UK Export Development Guarantee (EDG) Facilities

In 2021, Wood's CFO and the Treasury, Sustainability and Business Development teams engaged extensively with the UK government and Wood's relationship banks to present our Climate Transition Plan, resulting in a successful application for a \$600m five-year term loan from a group of six of Wood's existing banks. The term loan is 80% guaranteed through the UK government backed Transition Export Development Guarantee Facilities (UKEF scheme). The facility provides Wood with a source of working capital to invest in unlocking the many low-carbon growth opportunities across the business and represents the first Transition EDG signed by UK Export Finance (UKEF).

The facility includes KPIs linked to growing export revenue related to energy transition and sustainable infrastructure and reducing scope 1 and 2 carbon emissions reflecting the confidence and support that UKEF and our relationship banks have in our strategy aligned to delivering solutions for a net-zero future and enabling sustainable and resilient living.

In addition to the engagement with the UK government and Wood's existing lenders the Board gave consideration to the perspectives of a range of stakeholders including:

- Maintaining investor confidence through ensuring balance sheet strength and liquidity to safeguard our medium to long-term success
- Safeguarding employee, client and supplier interests through ensuring the Company is well managed with a resilient financial and borrowing strategy

- Society's increasing expectations that companies borrow responsibly having due regard to the lenders' record on climate change and global sustainable development
- Maintaining long-term relationships with lenders, so safeguarding their continued support

In approving the decision to apply for a term-loan under the UKEF scheme, the Board concluded that this approach would generate stakeholder value as participation in the scheme would be conducive to attaining the Company's strategic objectives, would enhance the prospects of the business, would not result in restrictions on other borrowings as it would not be regarded as government support and would ensure the resilience of the Company to create value for its stakeholders over time.

Through the Board's support for this strategic action, the Company achieved, or aims to achieve, the following outcomes:

- A successful application for funding under the UKEF scheme, diversifying Wood's sources of funding and providing access to working capital to invest in unlocking low-carbon growth opportunities
- Maintenance of the strong long-term relationship with our lenders
- Maintaining investor, supplier, employee and client confidence in the management of the Company and its financial structure

### Strategic review of built environment business

Wood's built environment business provides consulting and engineering solutions that address environmental risks, increase climate resilience, help to build more sustainable infrastructure and improve mobility. It operates across government, transportation, water, industrial, energy and mining markets and has a track record of attractive growth and resilient performance through Covid-19.

In November 2021, the Board initiated a strategic review of our built environment business, part of our Consulting business unit. In taking this decision the Board had regard to the interests of:

- Investors and their focus on maximising the return on their investment whilst also recognising the need for sustainable solutions in order to ensure sustained returns
- Lenders and their expectation for the Company to safeguard their interests through adopting a sound business and financial strategy
- Society and the increasing demand for companies to have due regard to climate change and global sustainable development and to offer sustainable solutions

Through its decision to initiate the strategic review the Board is focused on delivering value for all of Wood's stakeholders through:

- Assessing how best to take advantage of the positive trends and investment opportunities in the energy transition and industrial decarbonisation where the Company is already a global leader
- Identifying a range of options to best deliver the value of the built environment business which the Board considers is not currently reflected in Wood's market capitalisation



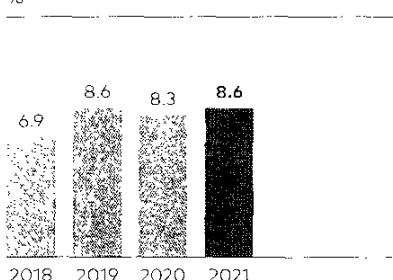
## Measuring our performance

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 is adjusted EBITDA as defined on page 163 divided by revenue. Adjusted EBITDA margin demonstrates our ability to convert revenue into profit before exceptional items, interest, tax, depreciation and amortisation. A reconciliation of adjusted EBITDA to operating profit is shown in note 1 to the financial statements.

#### 2021 performance:

Adjusted EBITDA margin improved during the year supported by improved margins in Projects and Consulting offset in part by reduced margin performance in Operations. Adjusted EBITDA margin across the business benefitted from cost efficiencies, improved execution, and revenue mix. In addition, margin expansion in Projects was helped by the gradual roll-off of underperforming contracts. In Operations, the lower margin reflects a lower level of profit upside from closing out contract obligations in the year, compared to a high level in 2020.

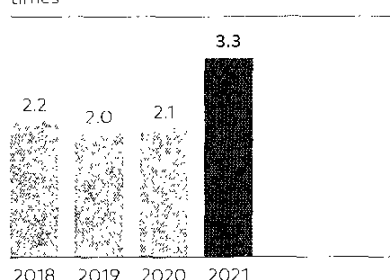
#### Target:

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%\*.

\*It is likely that once the sale of the built environment business completes, we will revisit our margin improvement target for the remaining business.

#### Net debt: adjusted EBITDA ratio

times



A calculation of net debt: adjusted EBITDA is presented on page 41. The net debt: adjusted EBITDA ratio measures our debt relative to our profitability, and is used in our covenants. 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.

#### 2021 performance:

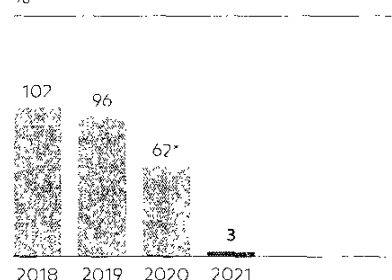
Net debt increased by \$379m in the year because of weak cash performance which reflects a significant working capital outflow in the Projects business, combined with ongoing exceptional cash outflows relating to legacy investigations, restructuring costs and onerous leases. At 31 December 2021, the Group's net debt to adjusted EBITDA ratio measured on covenant basis was 3.3 times, within our covenant level for the Group's borrowings which are set at 3.5 times.

#### Target:

Our target leverage policy is a net debt: adjusted EBITDA ratio of below 1.5 times.

#### 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.

#### 2021 performance:

Cash conversion reduced compared to 2020 primarily due to a large working capital outflow during 2021 in comparison to 2020.

\*For 2020 onwards cash conversion is calculated as cash flow 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 39.

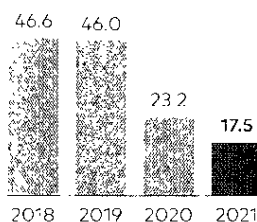
## Linking our KPIs to our strategy

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

- ① Being a premium, differentiated business delivering for our clients
- ② Delivering for our team
- ③ Delivering for our investors
- ④ Delivering for our communities

### Adjusted diluted EPS (AEPS)

cents



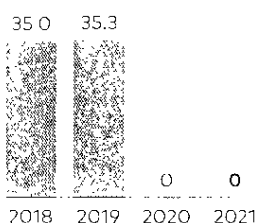
Adjusted diluted EPS represents earnings before exceptional items and amortisation relating to acquisitions, net of tax, divided by the weighted average number of shares during the year.

#### 2021 performance:

Adjusted EPS was lower in the year, reflecting the lower earnings before exceptional items and amortisation relating to acquisitions.

### Dividend per ordinary share

cents



The share of AEPS distributed to shareholders.

#### 2021 performance:

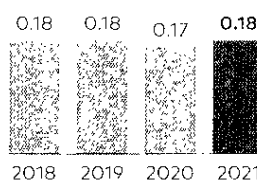
In response to the uncertainties of Covid-19, the Board withdrew its recommendation for dividend payments in 2020. Given the high level of net debt held by the Group, the Board has decided not to recommend dividends in relation to 2021. The Board recognises the importance of dividends to shareholders and is committed to reviewing the policy in the future following the proposed sale of our built environment business.

For more information on our financial performance see pages 35 to 41

## Safety:

### Total recordable incident rate (TRIR)

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.

#### 2021 performance:

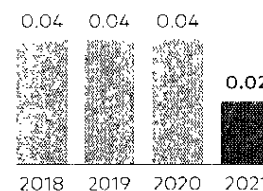
In total there were 122 recordable incidents across the business. This represents 2% more recordable injuries than the previous year and regrettably there was one fatality in 2021 (see page 43). Whilst our TRIR performance of 0.18 represents a marginal increase compared to 2020, overall performance with respect to TRIR remains broadly flat and indicative of consistently high levels of focus on our safety programme.

#### Target:

Our target is for a 10% improvement in Total Recordable Incident Rate compared to the prior year.

### Lost time incident rate (LTIR)

per 200,000 work hours



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

#### 2021 performance:

Our LTIR improved in 2021 to 0.02. In total there were 15 lost time incident cases across the business, which represents 10 fewer than the previous year. The improvement in LTIR is indicative of Wood's focus on risk exposure, targeted controls and the strong focus of project teams on support mechanisms. Strong performance in this area suggests that when injuries have occurred, they have generally been less severe in comparison to 2020.



For more information on our safety performance see pages 42 to 47






## 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 is passionate about making a positive impact in our society and environment and making profit in a fair and ethical way, we believe we are building a sustainable and responsible business.

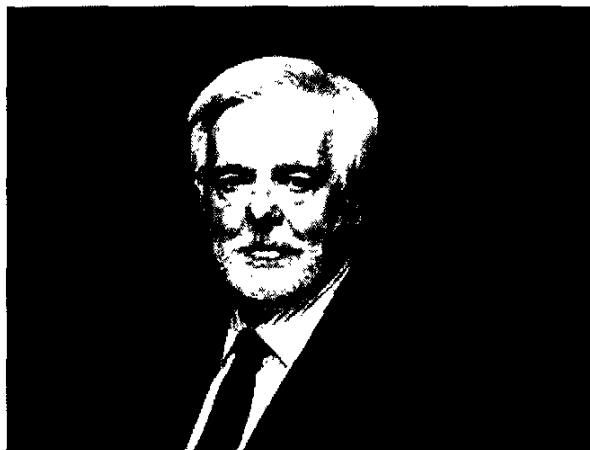
In 2020, the Board endorsed a set of targets, aligned to the UN Sustainable Development Goals material to our sustainability impacts, to measure our performance against our sustainability strategy. Our focus in 2021 has been on setting in place the foundations for successful delivery, including the appointment of sustainability leaders within our Business Units, engaging with our Business Groups to develop plans to meet the challenge, and reviewing key processes and systems to ensure they support our goals.

	Our aim:	Our goals:	2021 progress:
<b>Delivering our purpose</b>  	<b>To be trusted to solve the challenges of our changing climate and developing populations</b>	Consistently ranked in the Top Quartile ESG investment ratings within our sector group by 2025	Awarded "AA Leader" rating from MSCI in 2021 for a seventh consecutive year, within the top 25% for Energy, Equipment and Services. Targeting further improvement: <ul style="list-style-type: none"> <li>As part of the Climate Change Plan for our UK Export Finance backed term loan, we have committed to a third-party assessment of our carbon emissions data and our progress against emissions targets</li> <li>We have initiated an evaluation of the Global Reporting Initiative protocols published in November 2021 as well as SBTi Pathway to net-zero to identify areas for improvement in our disclosures</li> </ul>
		Doubling client support aligned to the energy transition and more sustainable infrastructure by 2030	We have taken significant steps to consolidate our position as leaders in the energy transition through <ul style="list-style-type: none"> <li>Establishing collaborative relationships to inform a global approach to energy transition. Wood became a steering member of the Hydrogen Council; a CEO-led initiative to accelerate the energy transition through hydrogen solutions</li> <li>Forming strategic partnerships to develop low-carbon solutions. We entered a partnership with Honeywell UOP to develop solutions for the production of carbon-neutral aviation fuel</li> <li>Making strategic hiring decisions. We appointed a Vice President of Hydrogen, Global Director of Decarbonisation and a Senior Vice President of Sustainability Solutions</li> </ul>
<b>Developing an inclusive &amp; diverse workforce</b>   	<b>To recognise, welcome and celebrate diversity of thought, experience and background to find our boldest solutions and nurture our talent</b>	To improve gender balance with 40% female representation in senior leadership roles by 2030	Wood continues to value the rich diversity of expertise, skills, backgrounds and beliefs that our people bring to our global organisation. Whilst our aspirational goal is to achieve increased representation in gender balance by 2030, we continue to be committed to recruiting and promoting individuals with the required skills and experience for each role, irrespective of their characteristics.
		To educate and inspire 100% of our colleagues to be inclusive every day, by 2025	We participated in the UN Gender Equality benchmarking group and developed functional plans across the group to increase inclusion and diversity. In 2021, female representation in senior leadership roles increased to 33% (2020: 31%).  We rolled out conscious inclusion training for over 36,000 of our colleagues across Wood.  The insightful feedback from these sessions has provided the catalyst for our colleagues to engage in rewarding conversations that further our understanding of different lived experiences.

	Our aim:	Our goals:	2021 progress:
<b>Managing our environmental impact</b>  	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 173,585 tonnes CO <sub>2</sub> e in 2019	<p>In 2021, our scope 1 and 2 carbon emissions were 75,629 tonnes CO<sub>2</sub>e. This is a reduction of 31% from 2020, contributed in part by the ongoing impact of Covid-19, which impacted emissions data for the full year in 2021 compared to six months in 2020. Overall, our carbon emissions have reduced by 56% compared to our 2019 baseline. The reduction was achieved without the use of carbon offsets.</p> <p>We also made significant progress in the purchase of renewable energy across the business. We worked with clients and stakeholders to target high electricity users and source renewable tariffs. As a result, around 45% of the electricity we use is now from certified renewable energy sources.</p>
		To ensure all Wood offices are single use plastic free by 2025	Our Consulting waste team conducted a review of our global procurement data to produce a preliminary baseline measure.
<b>Embedding fair working practices through our business partnerships</b>  	To work fairly, transparently and ethically through the trusted partnerships we create	100% of Wood labour suppliers sign up and comply with the Building Responsibility Principles by 2025	<p>We focused on the development of a supply chain strategy for delivery of our target, including:</p> <ul style="list-style-type: none"> <li>• Developing a consistent definition of 'labour supplier'</li> <li>• Analysing specific worker welfare risks in order to develop a profile of our highest priority labour suppliers to target our engagement</li> <li>• Initiating the revision of supplier governance rules, pre-qualification and monitoring which will be completed in 2022</li> </ul>
		100% of our suppliers have Building Responsibility Principles embedded into their supply chains by 2030	We initiated the process of engaging both existing and future suppliers by holding a series of workshops, supported by EY, to identify potential barriers to the implementation of the principles. We also updated the modern slavery guidance we provide to suppliers and completed a review of our Supplier Code of Conduct in order to embed Building Responsibility Principles.
<b>Positively impacting on the communities we operate in</b> 	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	To date, we have contributed \$1,033,736 towards our goal, including seed funding awards, employee matched funding, direct financial and resource donations and volunteering time.



## Chair's statement



"The Board took the decision in 2021 to conduct a strategic review of the built environment consulting business, and ultimately decided that a sale will be the most effective way of delivering value to our shareholders and changing our debt profile. Under Robin's leadership, Wood enters 2022 with improving momentum and well positioned for a leading role in energy transition. Having advised the Board of his intention to retire as Chief Executive, I thank Robin for his years of service to the Company."

**Roy A Franklin**  
Chair

2021 was a challenging year for Wood, with a continuation of pressures from the Covid-19 pandemic and an uncertain backdrop across many of our end markets. Despite these challenges, Wood enters 2022 with improving momentum and the opportunity to unlock significant shareholder value from the ongoing sale of our built environment business.

The full year results were mixed, with revenue growth across Consulting and Operations but a significant decline in our Projects business. This partly reflects the changes that management has made to reduce risk in our Projects business and partly reflects the ongoing challenges in our markets as customers delayed some investment decisions.

We have taken a large charge related to an updated view on the losses on our Aegis Poland contract. This was also the subject of external investigation and review, and a resulting delay in publishing our results. The work has now concluded and we have a clear pathway to the operational completion of this contract later in 2022.

The cash performance in the year reflects the ongoing drags from exceptional cash flows as well as a large working capital outflow, mostly in relation to the pressures in our Projects business. Linked to this, the level of debt at the end of the year was too high.

Given the current level of debt, the Board has decided not to declare dividends in relation to the 2021 financial year. The Board recognises the importance of dividends to shareholders and is committed to reviewing the policy in the future following the proposed sale of our built environment business.

The Board took the decision in the year to conduct a strategic review of the built environment consulting business to consider how we could best deliver value for our shareholders. This review concluded in January 2022 with the decision to seek a full sale. We believe this will deliver significant value for our shareholders and provides the opportunity to dramatically change our debt profile.

Robin and his Executive Leadership Team have responded swiftly and effectively to the dynamic challenges of the pandemic over the last two years while also making good progress in addressing issues and positioning Wood for a leading role in energy transition and industrial decarbonisation. Wood has a significant role to play and the Executive team looks forward to outlining our strategy to capitalise on these opportunities in a Capital Markets Day at a later date.

We have announced that Robin Watson has advised the Board of his intention to retire as Chief Executive. On behalf of the Board, I thank Robin for his years of service to the company. Under his leadership, Wood has transformed into a global consulting and engineering business that operates across a wide range of energy and industrial markets worldwide.

Robin has built a strong leadership team around him and a solid portfolio that provides us great opportunities as we look ahead. A search process is now underway, with both internal and external candidates, and we are confident a smooth transition will follow later this year.

Thomas Botts, non-executive director, will step down from the Board at this year's AGM after reaching the recommended limit of nine years of service. I thank Tom for his wise counsel over the years and the experience he has provided the Board over his tenure.

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

**Roy A Franklin**  
Chair



# Chief Executive review



"2021 was a challenging year for the Group, with the ongoing pressures of the pandemic, mixed market conditions across our businesses and continued challenges in Projects impacting our performance. Despite this, we ended the year with positive momentum and a growing order book (up 19% on last year) which gives us confidence that activity levels will be higher in 2022.

The sale process of our built environment business is progressing well and we continue to expect to announce a sale agreement in the second quarter of this year. A sale will deliver significant value for our shareholders and help move the Group onto its next chapter.

We are now focused on the future for Wood beyond this sale – to ensure we can fully capitalise on our deep engineering knowledge and expertise to capture the growth opportunities ahead across both energy security and sustainability, as we help clients move towards net-zero.

I have shared with the Board that I consider the sale of our built environment business as marking the start of the next strategic phase for Wood and an appropriate time for me to step down as Chief Executive. I look forward to continuing to serve on the Board until my successor is in place and I remain fully committed to our business delivery and enabling a smooth transition."

**Robin Watson**  
Chief Executive

## Overview

2021 was a challenging year for the Group with continued disruption from Covid-19 and the pressures across our end markets as customers deferred investment decisions. Despite these challenges, we made progress on our strategy and ESG priorities, and saw good operational performance across most of the business. There were some areas of disappointment however, most notably on our Aegis contract as discussed below.

The Group's strategic review, including the proposed sale of our built environment business, will lead to the next chapter for Wood – an exciting future at the centre of energy security and sustainability.

## Financial performance in FY21

The full year results reflect both our broad market exposure, with revenue growth across Consulting and Operations but a significant decline in Projects, and our focus on margin improvement, with a higher margin delivered despite the lower revenue.

Group revenue was down 14% on a like-for-like basis with growth in Consulting and Operations offset by a 34% decline in Projects. This decline reflects the changes we have made in this business, with a lower risk appetite, combined with ongoing challenges as customers delayed some investment decisions.

Group adjusted EBITDA was down 10% on a like-for-like basis. Adjusted EBITDA grew in our Consulting business, reflecting our strong offering across multiple sectors, while EBITDA was lower in both Projects and Operations. The decline in Projects adjusted EBITDA reflects lower revenue but improved margin in the year. The decline in Operations reflects a lower margin compared to 2021, that year having benefited from profit upside from some significant contract completions.

## Exceptional items

We recognised exceptional items of \$160 million in the year (2020: \$247 million). *These exceptional items are summarised below and are discussed in more detail in our Financial Review. They reflect, in part, our steps to strengthen the Group for the future.*

This includes a \$99 million write down of our Aegis Poland contract to reflect the latest estimate of the full contract loss. Due to the size of the loss, this charge was recognised as exceptional (2020: loss of \$11 million included in adjusted EBITDA).

The Aegis Poland contract is a fixed price construction contract awarded in February 2016 for the construction of an anti-missile defence facility in Poland for the USA. The project was around 90% complete by value at 31 December 2021. We expect the contract to be operationally complete in H2 2022.

Our latest assessment is that the loss at completion will be \$222 million. Due to the size and nature of the loss, this charge was recognised as exceptional (2020: loss of \$11 million included in adjusted EBITDA).

We incurred \$78 million of restructuring costs in 2021 (2020: \$101 million) including:

- c.\$30 million of charges relating to the conclusion of our Future Fit programme and other rationalisation
- c.\$50 million of charges relating to the closure of various businesses, including our business in France, the power and large industrial EPC business and the ATG automation businesses

Exceptional items also include a gain on the sale of Sulzer Wood. See page 36 for more details.

## Cash performance in the year

Our cash performance this year was disappointing and reflects the continued drags from exceptional cash flows combined with a significant outflow of working capital, mostly in relation to reduced activity in our Projects business.

As a result, our net debt remains too high and we have a clear plan to substantially reduce it from here from the sale of our built environment business.

Further details of our financial performance are included in our Financial Review on pages 35 to 4.

## Progress on strategy

Our purpose remains to “unlock solutions to the world’s most critical challenges” and our strategic objective is to be a premium, differentiated business delivering exceptional returns for our clients, our team, our investors and the communities in which we work. We do this by delivering our strategic priorities:

1. Margin improvement
2. Optimise and standardise service delivery model
3. Optimise our portfolio mix of services and markets
4. Technology differentiation
5. Improve risk/reward on contracts in line with our balanced risk appetite

### 1. Margin improvement

We increased our margin in the year through both cost efficiencies and improved business execution, as well as a benefit from the revenue mix across our business.

Our Future Fit programme is designed to strengthen Wood for the future through a range of activities from cost reduction through to exploring new growth opportunities. It is aimed at improving efficiency, transforming our project and operations delivery, and improving profitability through changes to our supply chain and our digital capability. Future Fit is an 18-month programme which commenced during the first half of 2021 and is due to complete in the first half of 2022. The total cost savings generated in the year were around \$40 million.

Improved overall business execution in our Projects business, helped by the gradual roll-off of some significantly underperforming contracts, contributed to margin expansion in the year. The range of performance remains mixed however, with a small number of loss-making contracts remaining. We will continue to reduce risk across our contract portfolio in 2022.

### 2. Optimise and standardise service delivery model

We created a new operating model at the end of Q3 2020, 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. This new operating model has helped identify new growth opportunities and we are seeing increased collaboration across our business both in customer delivery and in winning new work.

As part of this new operating model, we created the position of a Chief Operating Officer (COO). Our new COO, Ken Gilmartin, is driving a programme of continual improvements in project governance and delivery which we expect will support business performance in the future. Since 1 January 2022, business unit Executive Presidents have reported directly into Ken.

### 3. Optimise our portfolio mix of services and markets

As we continue to evolve and sharpen our customer focus, we have been optimising our portfolio mix of both the services we offer and the markets we serve. This has resulted in the disposal of various assets over the past few years including the sale of our joint venture interest in Sulzer Wood in 2021.

In January 2022, we announced that we are seeking a sale of our built environment business. Following this sale, we will have a sharper focus on our core markets to address the challenges of energy security, energy transition and industrial decarbonisation, where we have unique capabilities to enable our clients to meet their targets and goals.

### 4. Technology differentiation

We continue to invest in solutions to enhance our digital capabilities and digitalise the way we work, helping to transform our customer delivery by bringing greater efficiency and reducing risk.

We also continue to seek commercial and strategic partnerships where we can combine skills to deliver greater results. A good example of this was the partnership we formed in the year with Honeywell to develop sustainable aviation fuels.

### 5. Improve risk/reward on contracts in line with our balanced risk appetite

Across the Group, the proportion of revenue from fixed price contracts reduced from 33% to 26% over the year, with the remainder of our portfolio being cost reimbursable.

Of the 26% of revenue from fixed price contracts, 10% related to fixed price consultancy work and 11% related to limited scope lump sum projects, primarily in our Process and Chemicals markets. The amount of lump sum turnkey (LSTK) revenue was around \$300 million in 2021, representing around 5% of Group revenue.

We made progress in continuing to reduce the LSTK risk exposure in our Projects business. We are no longer bidding large EPC contracts outside our focus markets and core capabilities and are capping the size of our revenue exposure to LSTK. As a result of this, we have removed around \$2 billion of factored opportunities from our bidding pipeline in Projects.

We do, however, have some significant loss-making contracts remaining in our portfolio, most notably Aegis Po and some renewables EPC LSTK contracts in North America, that are now at a mature stage of execution. We expect these to conclude over 2022 and the performance of these contracts, excluding Aegis, improved overall in 2021 compared to 2020, albeit still generating losses.

This focus on contract risk is particularly relevant with the inflationary and supply pressures seen across the world today. We limit our exposure to these risks through various contract terms, including inflation clauses and back-to-back contracts for raw materials supply.

### Delay to results and Aegis review

On 21 February 2022, we announced that a delay to the publication of our results was necessary to finalise our reported results and to conclude the year-end audit process with our auditor, KPMG LLP. The delay was required to allow an external investigation and review to be undertaken, principally in relation to the historical carrying value of the Aegis Poland project contract and the process by which this was determined.

The investigation and review have been concluded and there is no change to the historical carrying value of the Aegis Po and contract or to the previously communicated year-end exceptional charge of \$99 million announced in our release of 21 February 2022. The underlying results for FY21 remain in line with the guidance provided on 13 January 2022.

The Audit Committee reviewed the results of the external investigation, the auditor's comments on the investigation and audit work carried out during the period of the investigation, and the accounting treatment of the Aegis Poland project. The Committee concluded that no changes to the historical carrying value were required and the \$99 million exceptional charge was appropriately recorded in 2021.

### Proposed sale of built environment

In November 2021 the Group initiated a strategic review of the part of our Consulting business facing the built environment end market, which accounts for around 70% of Consulting revenue. This built environment business generated revenue of around \$1.2 billion and adjusted EBITDA of around \$150 million in 2021, with significant growth expected in 2022.

The strategic review considered a range of options to best deliver value for our shareholders and to strengthen the Group. The Board concluded that a full sale process for the built environment business was the best option. The sale process is well underway and a sales agreement is expected to be announced in the second quarter of this year. Any sales agreement will be subject to shareholder approval at an EGM as well as regulatory approvals.

This sale will allow for a reset of the Group, strengthening our balance sheet and providing options to improve our cash generation. We will also consider shareholders' returns and opportunities for investments to help deliver our strategy.

### Order book progress in the year

Our order book at 31 December 2021 was \$7.7 billion, an increase of \$1.2 billion (19%) compared to December 2020. This increase represented c.\$7.0 billion of new awards and c.\$750 million of contract scope increases, which more than replaced the \$6.4 billion of revenue.

At 31 December 2021, revenue in our order book for 2022 was \$4,655 million, an increase of 6% compared to the prior year figure of \$4,399 million to be delivered in the year ahead.

We operate across four broad end markets:

- **Conventional energy (38% of Group revenue)** across upstream and midstream oil and gas
- **Process & chemicals (17% of Group revenue)** across petrochemicals (including hydrogen and carbon capture), speciality chemicals and refining
- **Renewables and other (22% of Group revenue)** including renewable power (solar and wind), mining and minerals, industrial processes and power
- **Built environment (23% of Group revenue)** across infrastructure, water and waste, and environmental

### Conventional energy

Our order book across conventional energy was around \$4.1 billion at 31 December 2021, including some significant multi-year contracts. Significant contract wins in the year included:

- Over \$500 million of contracts for oil and gas operations work in the North Sea
- Engineering and project management services on the Safaniyah and Manifa fields for Aramco
- Optimising operations in the Norwegian North Sea for Equinor

Our work across conventional energy increasingly has elements of helping our customers decarbonise, for example in optimising operations, increasing production efficiency and supplying renewable energy to operations.

### Process & chemicals

Our order book across process & chemicals was around \$0.8 billion at 31 December 2021. Significant contract wins in the year included:

- Framework to deliver large-scale green hydrogen plants for NEL Hydrogen
- Pre-FEED analysis on world's largest carbon capture and storage projects for Summit Carbon Solutions
- Pre-FEED work for ADNOC on a blue ammonia facility to build hydrogen supply across the Middle East
- Appointed integration project management contractor for Humber Zero, one of the UK's leading industrial decarbonisation projects

We continued to develop our presence in hydrogen. We became a steering member of the Hydrogen Council and agreed a Memorandum of Understanding with HYGEN Energy to accelerate the production of green hydrogen for decarbonising transportation in the UK.

We announced a technology partnership with Honeywell for sustainable aviation fuel. The technologies could reduce lifecycle greenhouse gas emissions by 100% using certain feedstocks when compared to traditional petroleum aviation fuel.

### Renewables & other

Our order book across renewables & other was around \$0.9 billion at 31 December 2021. Significant contract wins in the year included:

- EPC projects to provide solar power for a customer's onshore oil and gas operations in the USA and to power the industrial activity for Shell in Oman
- EPC contract with Renewables Energy Group to expand a renewable diesel biorefinery in Louisiana, USA
- Pre-FEED work for Simply Blue Energy on a floating offshore wind farm in Ireland
- Appointed owner's engineer for Luxcara on Europe's largest single-site onshore wind farm
- Permitting and FEED contracts for the UK's first hydrogen storage and distribution pipeline infrastructure project, HyNet NorthWest
- Framework agreement with Horizon Energi to provide specialist engineering and management consultancy services across offshore and onshore clean ammonia and hydrogen projects

### Built environment

Our order book across built environment was around \$1.9 billion at 31 December 2021 (c.\$1.7 billion across built environment consulting). Significant contract wins in the year included:

- A design and construction scope for the remediation of a site impacted by chromium
- A restoration construction management project for the largest abandoned mine in Nevada, US, with a view to potential future use as a solar energy site
- A programme management contract with the US Postal Service for the management of nationwide programmes including site upgrades
- A programme management contract with the US Environmental Protection Agency for data collection, data management, and quality assurance for a nationwide air quality monitoring

### Progress on our ESG strategy

During the year we have focused on maintaining our position as leaders amongst peers in environmental, social and governance matters and sustainability. We made more progress on our ESG goals in the year, including:

- 31% reduction in scope 1 and 2 emissions in the year, progressing towards our target of 40% reduction by 2030 (on a 2019 base line)
- Awarded "AA Leader" rating from MSCI in 2021 for a seventh consecutive year, within the top 25% for Energy, Equipment and Services

- Selected as the debut issuer for the UK Export Finance backed energy transition term loan. As part of this process, we developed a Climate Change plan which was reviewed and endorsed by a third-party consultant. For our renewed RCF, we also committed to a third-party assessment of our carbon emissions data and our progress against emissions targets
- Initiated an evaluation of the Global Reporting Initiative protocols published in November 2021 as well as SBTi Pathway to Net Zero to identify areas for improvement in our Disclosures
- Participated in the UN Gender Equality benchmarking group and developed functional plans across the group to increase inclusion and diversity. Throughout 2021 we increased female representation in senior leadership roles to 33%, with a target to reach 40% by 2030
- Contributed over \$1 million in time and resources to charitable causes in the year

### Looking ahead: the opportunities to help the world reach net-zero

Energy security and sustainability offer us huge opportunities. The world needs engineering solutions to provide access to energy and to transition to a low-carbon future. Wood has a wide range of capabilities to help clients achieve decarbonisation targets including:

- Improving efficiency of existing assets
- Fuel substitution, e.g. bio-based feedstocks
- Reducing oil and gas flaring and methane emissions
- Electrification of assets using renewable power
- Carbon capture and storage (CCS) and hydrogen

The opportunity lies in smart technology and solutions, and potential commercial partnerships, to help deliver existing industrial processes and conventional energy sources as cleanly, efficiently and securely as possible, while also charting the pathway to newer, cleaner sources. For example Wood is working with long-term client, Nevada Gold Energy LLC, to install a solar power plant, substation and transmission lines to deliver approximately 120 MWac of solar energy to decarbonise activities resulting in a zero-emissions mining project.

### Outlook for 2022

The proposed sale of the built environment business will have a significant impact on our reported results in 2022 and as such we are not giving detailed financial guidance at this stage. Excluding the impact of any sale, we expect higher revenue in 2022 across our business supported by the growth in our order book, with revenue in our order book for 2022 of \$4,655 million, up 6% on the equivalent figure last year.

Cash generation in 2022 is expected to be impacted by

- Exceptional cash costs related to our SFO payment, restructuring costs and onerous leases and the losses on the Aegis Poland contract
- Further payments related to our asbestos liability
- Increased capital expenditure across our business

As such, we expect no improvement in net debt over the year before the sale of our built environment business. The typical working capital outflow in our business in the first half is expected to lead to net debt being higher at June 2022.

### Board changes

We announced today that Robin Watson, Chief Executive, has advised the Board of his intention to retire as Chief Executive. The Company has initiated the process to appoint his successor and Robin will remain in his role until his successor is in place.

Thomas Botts, non-executive director, will not seek re-election at this year's AGM and will step down from the Board after nine years of service.

### Update on activities in Russia

In March 2022, we took the decision to exit Russia and have begun the process of withdrawing from operations in the country. We are actively engaged in efforts to do so, while safeguarding the safety and welfare of any colleagues affected. Operations in Russia accounted for around 1% of Group revenue in 2021.

### Future events

Our AGM will be held on 22 June 2022. We expect to announce a sale agreement for our built environment business in the second quarter of 2022 and further details will be shared in due course.

We plan to hold a Capital Markets Day at a later date, and after the completion of the sale of our built environment business.

## Segmental review

# Consulting

Revenue grew by 2% on a like-for-like basis to \$1,787 million, with a strong second half of trading compared to both H1 2021 (growth of 4%) and H2 2020 (growth of 7%). Revenue growth was led by higher activity across the built environment market.

Adjusted EBITDA grew by 4% on a like-for-like basis with revenue growth and an expansion in margin to 12.7%. The higher margin partly reflects efficiency improvements and increased utilisation in the second half.

The order book at 31 December 2021 was up 24% on last year to \$2.2 billion, driven by energy and built environment contract awards. The order book for built environment alone was up 20% to \$1.7 billion.

At 31 December 2021, revenue in our order book for 2022 was \$1,479 million, up 14% on 2021.

## Operational review

Our Consulting business provides specialist engineering, infrastructure development and environmental consulting.

Across the built environment market, we saw strong revenue and order book growth. Major projects wins included contracts with Canadian Nuclear Laboratories, BP, Honeywell, New Mexico Oil Conservation Division and Duke Energy.

In climate resiliency, we were awarded a major flood resiliency contract with the US Federal Emergency Management Agency (FEMA) as part of the ARC Joint Venture.

We have a significant consulting offering across energy and industry. During the year we grew our orderbook significantly across our core energy markets with key wins from Chevron, Woodside, TPAO and the UK's National Grid. In Energy transition, significant new contract awards included pre-FEED work across carbon capture and storage and hydrogen solutions. As owner's engineers we completed Oman Shell's first utility scale solar project and were appointed to Luxcara's wind farm in Sweden which is set to become Europe's largest wind farm. We agreed a Memorandum of Understanding with HYGEN Energy to accelerate the production of green hydrogen, were appointed the owner's engineer for the UK's first commercial green lithium factory and we announced a technology partnership with Honeywell for sustainable aviation fuel.

## Outlook for 2022

We expect strong growth given the higher activity levels through 2021 and increase in our order book.

## Revenue

**\$1,787m** (2020: \$1,823m)  
▼ 2.0%  
1.6%  
(like-for-like)<sup>2</sup>

## Adjusted EBITDA<sup>3</sup>

**\$227m** (2020: \$224m)  
▲ 1.3%  
3.7%  
(like-for-like)<sup>2</sup>

## Adjusted EBITDA margin

**12.7%** (2020: 12.3%)  
▲ 0.4ppts

## Order book<sup>8</sup>

**\$2,196m** (2020: \$1,771m)  
▲ 24.0%

## % of Revenue:



## Markets:



## Energy: 30%

- Renewables & other 12%
- Process & chemicals 5%
- Conventional energy 13%

## Built environment:

- Sustainable infrastructure 70%

## Projects

Revenue was 34% lower in the year at \$2,340 million, though H2 revenue was flat on H1. The decline in the year reflects the completion of some larger EPC contracts, our move away from larger scale contracts and new work being limited to smaller scopes such as early-stage work.

Adjusted EBITDA was 18% lower, reflecting the revenue decline partly offset by a higher margin. The expansion in margin partly reflects improved overall project execution, with a lower level of losses in underperforming contracts in North America as these projects gradually roll off. Margin expansion was also supported by cost efficiencies, higher utilisation levels, a shift in mix to higher margin projects and profit upside from contract close outs.

The range of performance continues to be mixed, with a small number of contracts continuing to make a substantial loss, most notably some renewables EPC projects in North America. Looking ahead, we expect further benefits from our continued focus on improved execution as these underperforming contracts come to an end.

The order book at 31 December 2021 was up slightly to \$1.8 billion, having improved from Q1 throughout the year. The growth in our order book is partly constrained by our focus on de-risking the contracts in our portfolio. At 31 December 2021, revenue in our order book for 2022 was \$1,312 million, down 13% on 2021.

### Operational review

Our Projects business provides project management and delivery, engineering design and construction.

We made a number of changes in the year to reduce the level of contract risk across our business. These changes include selective bidding of new EPC work and more balanced risk sharing with our customers. Alongside this, we have made changes to how we run our business. We introduced new operational and commercial governance models and made changes to management. Furthermore, we exited our business that performed large industrial and power EPC business.

Despite the topline growth challenges, the business delivered for customers across many contracts. We completed a large EPC management project in Europe to convert a traditional diesel production unit to bio-diesel and successfully completed a large EPC contract to build a methanol plant for YCL.

Significant wins in the year included a contract with Nevada Gold to install a solar power plant, substation and transmission lines to deliver solar energy to help decarbonise their mining activities, and an EPCm contract with the Renewable Energy Group to help them improve and expand their renewable diesel biorefinery in Louisiana.

### Outlook for 2022

We expect modest revenue growth, supported by our higher order book, though the level of growth will be dependent on customer investment decisions and will be weighted towards the second half of the year.

### Revenue

**\$2,340m** (2020: \$3,569m)  
▼ 34.4%  
34.4%  
(like-for-like)

### Adjusted EBITDA<sup>3</sup>

**\$168m** (2020: \$205m)  
▼ 18.0%  
18.0%  
(like-for-like)<sup>3</sup>

### Adjusted EBITDA margin

**7.2%** (2020: 5.7%)  
▲ 1.5ppts

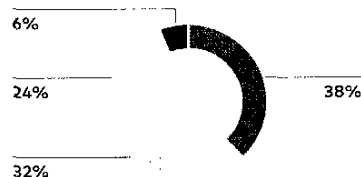
### Order book<sup>a</sup>

**\$1,807m** (2020: \$1,769m)  
▲ 2.1%

### % of Revenue:



### Markets:



### Energy: 94%

- Renewables & other energy 38%
- Process & chemicals 32%
- Conventional energy 24%

### Built environment:

- Sustainable infrastructure 5%

# Operations

Revenue grew by 4% on a like-for-like basis to \$2,098 million, reflecting a stronger second half compared to both H1 2021 (growth of 10%) and H2 2020 (growth of 17%) as market conditions in conventional energy continued to improve.

Adjusted EBITDA was down 8% on a like-for-like basis to \$225 million with revenue growth more than offset by a lower margin. The lower margin reflects a lower level of profit upside from closing out contract obligations in the year, compared to a high level in 2020 across multiple contracts. Adjusted EBITDA in 2021 benefited from c.\$12 million of profit recognised where there were no related costs incurred in the year.

The disposal of our joint venture interests in TransCanada Turbines (TCT) in Q4 2020 and the disposal of Sulzer Wood in Q1 2021 impacted reported EBITDA growth. Adjusted EBITDA includes the share of JV EBITDA of \$57 million (2020: \$65 million). Joint ventures are included in our results at the adjusted EBITDA line but not in revenue and as such benefit our reported margin.

The order book at 31 December 2021 was up 27% on last year to \$3.6 billion, driven by a recovery in demand in conventional energy, including a number of multi-year contract renewals.

At 31 December 2021, revenue in our order book for 2022 was \$1,764 million, up 18% on 2021.

## Operational review

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

Performance across Operations in 2021 improved as the year progressed, supported by increased customer activity, with growth across all regions. We entered new markets in the year, with the addition of services across power and specialty chemicals.

Notable contract renewals in the year included oil and gas contracts across all regions including a c.\$500 million renewal for our work in Brunel.

Significant new contract wins included a \$130 million contract with Spirit Energy focused on late life operations, a contract for operations in the Norwegian North Sea for Equinor, plus various oil & gas wins across countries and some wins in new areas.

## Outlook for 2022

Revenue is expected to grow, supported by the higher order book. EBITDA in 2022 is expected to see a smaller benefit from contract close outs than in 2021, which will particularly impact the half year.

## Revenue

**\$2,098m** (2020: \$2,033m)  
▲ 3.2%  
3.9%  
(like-for-like)<sup>2</sup>

## Adjusted EBITDA<sup>3</sup>

**\$225m** (2020: \$256m)  
▼ 12.1%  
8.2%  
(like-for-like)<sup>2</sup>

## Adjusted EBITDA margin

**10.7%** (2020: 12.6%)  
▼ 1.9ppts

## Order book<sup>4</sup>

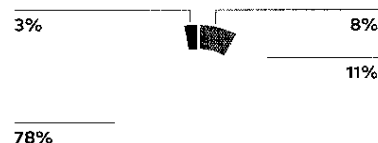
**\$3,625m** (2020: \$2,848m)  
▲ 27.3%

## % of Revenue:

Operations  
c35%



## Markets:



## Energy: 97%

- Renewables & other energy 8%
- Process & chemicals 11%
- Conventional energy 78%

## Built environment:

- Sustainable infrastructure 3%

## Investment Services

Our Investment Services business unit manages a number of legacy activities and liabilities. The most notable areas are activities in industrial power and heavy civil engineering. In addition to this, the results of our Aegis Poland contract, which is managed through our Projects business unit, are reported within Investment Services.

Investment Services generated revenue of \$201 million and adjusted EBITDA of \$11 million. The primary driver for the increase in revenue is the inclusion of heavy civil engineering from 2021 onwards.

Adjusted EBITDA in 2021 benefited from a change in the classification of Aegis contract losses. Previously these were included within adjusted EBITDA (\$11 million in FY20, \$9 million in HY21) and now have been classified (from H2 2021 onwards) as exceptional items, as discussed on page 28.

Revenue	(2020: \$139m)
<b>\$201m</b>	▲ 44.6% 44.6% (like-for-like) <sup>2</sup>
Adjusted EBITDA <sup>3</sup>	(2020: \$13m)
<b>\$11m</b>	▼ 15.4% 15.4% (like-for-like) <sup>2</sup>
Adjusted EBITDA margin	(2020: 9.4%)
<b>5.5%</b>	▼ 3.9pts
Order book <sup>4</sup>	(2020: \$136m)
<b>\$120m</b>	▼ 11.8%

## Central Costs

Central costs, not allocated to business units, increased from \$68 million to \$77 million in the year. Performance in 2021 includes a gain on sale of property of \$11 million as part of our rationalisation of the Group's portfolio.

### Outlook for 2022

Given the one-off benefit from the property sale in the year, we expect central costs to be higher in 2022.

Adjusted EBITDA <sup>3</sup>	(2020: \$(68)m)
<b>\$(77)m</b>	▼ 13.2%



# Financial review



"Our 2021 results reflect both our broad market exposure, with revenue growth across Consulting and Operations but a significant decline in Projects, and our focus on margin improvement, with a higher margin delivered despite the lower revenue. Our cash performance in 2021 was disappointing and reflects the continued drags from exceptional cash flows combined with a significant outflow of working capital."

**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. A calculation of adjusted diluted EPS is shown on page 38.

	2021 \$m	2020 \$m
<b>Revenue</b>	<b>6,400.0</b>	<b>7,564.3</b>
<b>Revenue (pre-exceptional items)*</b>	<b>6,426.0</b>	<b>7,564.3</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>553.9</b>	<b>630.4</b>
<b>Adjusted EBITDA margin %</b>	<b>8.6%</b>	<b>8.3%</b>
Depreciation (PPE)	(39.1)	(45.4)
Depreciation (right of use asset)	(109.8)	(134.6)
Impairment of PPE and right of use assets	(6.0)	-
Amortisation - software and system development	(90.8)	(102.0)
Amortisation - intangible assets from acquisitions	(100.9)	(125.7)
<b>Adjusted EBIT</b>	<b>207.3</b>	<b>222.7</b>
Tax and interest charges on joint ventures included within operating profit but not in adjusted EBITDA	(15.3)	(8.3)
<b>Operating profit before exceptional items</b>	<b>192.0</b>	<b>214.4</b>
Exceptional items	(159.7)	(247.3)
<b>Operating profit/(loss)</b>	<b>32.3</b>	<b>(32.9)</b>
Net finance expense	(92.6)	(86.7)
Interest charge on lease liability	(20.3)	(29.0)
<b>Loss before tax</b>	<b>(80.6)</b>	<b>(148.6)</b>
Taxation	(54.9)	(79.5)
<b>Loss for the period</b>	<b>(135.5)</b>	<b>(228.1)</b>
Basic EPS (cents)	(20.6)	(34.1)
<b>Adjusted diluted EPS (cents)<sup>2</sup></b>	<b>17.5</b>	<b>23.2</b>

See notes on page 41

\* Revenue for FY21 includes an exceptional item of \$(25.4) million related to Aegis Poland. Revenue (pre-exceptional items) is an APIM that is used throughout this Report as the Group believes it provides a more useful measure of performance year to year.

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

Adjusted EBITDA decreased by \$76.5 million to \$553.9 million mainly due to reduced revenues in the Projects business due to deferrals of activity by our customers and our move away from taking on large scale lump sum EPC work. The impact of a reduction in revenue was partially offset by an increase in EBITDA margin to 8.6% (2020: 8.3%).

The review of our trading performance is contained within the Chief Executive Review on pages 27 to 30.

## Amortisation, impairments and depreciation

Total amortisation for 2021 of \$191.7 million (2020: \$227.7 million) includes \$97.9 million for Amec Foster Wheeler ("AFW") (2020: \$107.9 million) and \$3.0 million (2020: \$17.8 million) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was \$90.8 million (2020: \$102.0 million) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year above is \$1.8 million (2020: \$2.2 million) in respect of joint ventures.

The total depreciation charge in 2021 amounted to \$148.9 million (2020: \$180.0 million) and includes depreciation on right of use assets of \$109.8 million (2020: \$134.6 million).

Total impairment for 2021 of \$6.0 million mainly related to impairments recorded against properties in the USA that are not being used by the Group, and whose expected market value is below the carrying amount.

## Financial review continued

### Net finance expense and debt

	2021 \$m	2020 \$m
Interest on bank borrowings	32.8	33.3
Interest on US Private Placement debt	35.9	38.0
Discounting relating to asbestos, deferred consideration and other liabilities	6.4	8.6
Other interest, fees and charges	20.8	19.1
<b>Total finance expense excluding joint ventures and interest charge on lease liability</b>	<b>95.9</b>	<b>99.0</b>
Finance income relating to defined benefit pension schemes	(0.2)	(3.8)
Interest on uncertain tax provisions	-	(4.9)
Other finance income	(3.1)	(3.6)
<b>Net finance expense</b>	<b>92.6</b>	<b>86.7</b>
Interest charge on lease liability	20.3	29.0
Net finance charges in respect of joint ventures	3.6	3.5
<b>Net finance expense including joint ventures and interest charge on lease liability</b>	<b>116.5</b>	<b>119.2</b>

Interest cover (see note 5 on page 41) was 4.5 times on a reported basis (2020: 5.5 times) against our covenant of 3.5 times.

Interest on bank borrowings of \$32.8 million (2020: \$33.3 million) primarily relates to interest charged on borrowings under the \$1.2 billion Revolving Credit Facility ('RCF'), borrowings of \$300 million under the bilateral loans which were repaid during the year and the \$600 million United Kingdom Export Facility ('UKEF') which matures in July 2026. The total available facility under the RCF reduced to \$1.2 billion from \$1.75 billion in 2020 following an extension of the maturity to October 2026.

The Group also has \$803.3 million of unsecured loan notes issued in the US private placement market which mature at varying dates between 2022 and 2031, of which \$35 million matures in 2022 with the remainder weighted to later dates. Interest is payable at an average rate of 4.2% on these loan notes. The reduction in interest expense is due to the payment of loan notes which matured during 2021.

In total the Group had undrawn facilities of \$1,103.1 million at 31 December 2021.

The Group recognised interest costs in relation to lease liabilities of \$20.3 million (2020: \$30.1 million) which relates to the unwinding of discount on the lease liability.

The unwinding of discount on the asbestos provision is \$6.3 million (2020: \$8.0 million) and includes the unwinding of discount on long-term asbestos receivables.

Net debt excluding leases to adjusted EBITDA (excluding the impact of IFRS 16) at 31 December was 3.3 times (2020: 2.1 times) on a reported basis, against our covenants of 3.5 times. This is calculated pre IFRS 16 as our covenants are calculated on a frozen GAAP basis, see note 4 on page 41.

### Exceptional items

	2021 \$m	2020 \$m
Gain on divestment of business	(14.4)	(59.1)
Aegis contract loss (revenue)	25.4	-
Aegis contract loss (cost of sales)	73.9	-
Impairment losses on non-core business	-	20.1
Redundancy, restructuring and integration costs	77.9	100.8
Investigation support costs and provisions	-	161.6
Asbestos yield curve and fees	(3.1)	19.8
Guaranteed Minimum Pension equalisation	-	4.1
<b>Exceptional items, net of interest and tax</b>	<b>159.7</b>	<b>247.3</b>
Unwinding of discount on asbestos provision	6.3	8.0
Tax (credit)/charge in relation to exceptional items	(1.2)	0.7
Impact of change in UK rate on prior year exceptional deferred tax	10.3	-
Derecognition of deferred tax assets due to UK pension actuarial loss	-	27.3
<b>Exceptional items, net of tax</b>	<b>175.1</b>	<b>283.3</b>

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.

The gain on divestment of business relates to the disposal of the Group's interest in Sulzer Wood Limited for a consideration of \$19.3 million. The gain of \$59.1 million in 2020 related to the disposal of the nuclear and industrial services business and our interest in the TransCanada Turbines joint venture.

The increase in the Aegis contract loss in 2021 was \$99.3 million, which reflects the latest estimate of the full contract loss. The increased loss recognised in the year was due to changes in the best estimates of the outcome of the contract, based on the director's current strategy for completing this complex project. The estimate reflects an increase in the expected future legal costs, along with increases in the expected costs to complete and potential liquidated damages. The changes to these estimates at 31 December 2021 are predominantly a result of adverse events and circumstances in the current period. These included additional delays on the contract as further commissioning took place, updated assessments of variation orders and a change to the expected process to recover variation orders. By virtue of its size and the nature of Aegis being a legacy contract in a sector where the group no longer operates, this was recorded as an exceptional charge through revenue and cost of sales. No revenue has been recognised on the Aegis Poland contract in 2021. The negative revenue of \$25.4 million presented represents the impact of the reduction in percentage completion and reduction in the total forecast revenue on the contract. During 2020 a charge of \$11 million was taken to EBITDA to reflect the estimated full loss as at 31 December 2020. The updated contract loss reflects the Group's latest assessment of cost to complete, claims, liquidated damages and legal costs.

During the year to 31 December 2021, \$779 million was incurred in relation to redundancy and restructuring activities. During 2021 the Group has continued to progress various initiatives which support the improved efficiency and enhancement of underlying group profitability in the medium to longer term. These initiatives have included 'Future Fit', which is a Group wide strategic initiative aimed at improving efficiency, transforming our project and operations delivery, and improving profitability through changes to our supply chain and our digital capability. Future Fit is an 18-month programme which commenced during the first half of 2021 and is due to complete in the first half of 2022.

We have also taken steps to simplify our legal entity structure and closed legal entities to make our business more efficient. The direct costs of running this programme along with the costs of redundancies and other investments are included in the exceptional charge.

Furthermore, the Group has sharpened its focus on markets where we know we can make an impact and deliver higher margins, and those businesses where the returns are commensurate to the risks involved. This has resulted in strategic decisions to exit certain locations, and end markets that do not fit this profile, the most material of which were our Paris engineering office, the Power and Industrial Large CPC sector and the ATG automation businesses in the UK. Where relevant, all staff were notified prior to the year-end and no new work is being undertaken by these businesses. In line with our accounting policy on exceptional items the costs mainly relate to redundancy of staff, which were calculated in line with local regulations, the wind down of onerous contracts and write down of receivables balances considered to be unrecoverable as a result.

The regulatory investigations were all closed out during the first half of 2021 and the agreed settlements were materially in line with the provision made at 31 December 2020.

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these amounts from the trading results improves the understandability of the underlying trading performance of the Group. The credit of \$3.1 million in 2021 relates to a \$5.6 million yield curve credit (2020: \$17.9 million charge) and \$2.5 million (2020: \$1.9 million) of costs in relation to managing the claims. The 30-year US Treasury rate has increased to 1.9% from 1.65% at the end of December 2020 and led to the income statement credit in 2021. \$6.3 million of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional (2020: \$8.0 million).

An exceptional tax charge of \$9.1 million (2020: \$28.0 million) has been recorded in the period and consists of a \$1.2 million tax credit on pre-tax exceptional items (2020: \$0.7 million charge) and a \$10.3 million tax charge relating to the change of the UK tax rate impacting on deferred tax balances created in prior years through exceptionals (2020: \$nill). The 2020 charge also included \$27.3 million which reflected an impairment of deferred tax assets in the income statement arising from a reduction in deferred tax assets through other comprehensive income due to the UK pension actuarial loss.

## 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.

	2021 \$m	2020 \$m
Loss from continuing operations before tax	(80.6)	(148.6)
Tax charge in relation to joint ventures (note 12)	11.7	4.8
Joint venture exceptional items (note 12)	-	8.0
Amortisation (note 9)	189.9	275.5
Exceptional items	166.0	247.3
Profit from continuing operations before tax, exceptional items and amortisation	287.0	337.0
Effective tax rate on continuing operations (excluding tax on exceptional items and amortisation)	26.4%	23.7%
Tax charge (excluding tax on exceptional items and amortisation)	75.7	79.8
Tax charge in relation to joint ventures	(11.7)	(4.8)
Tax charge in relation to exceptional items	9.1	0.7
Derecognition of deferred tax assets due to UK pension actuarial loss	-	27.3
Tax credit in relation to amortisation	(18.2)	(23.5)
Tax charge per income statement	54.9	79.5

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 2021 are the derecognition of deferred tax assets, current year deferred tax assets not recognised primarily in relation to the US, offset by the release of deferred tax on undistributed reserves and a net credit relating to provisions in relation to uncertain tax positions.

Due to the impact of the planned disposal of the built environment business it is difficult to give guidance on the tax rate for 2022. However, we anticipate that post disposal the tax rate for the Group will increase. This anticipated increase reflects the utilisation of tax losses and other tax attributes to mitigate the tax payable on disposal of the built environment business, thus reducing their use elsewhere, as well as other trends such as the OECD's minimum tax rate increasing overall taxation rates.

In addition to the effective tax rate, the total tax charge in the income statement reflects the impact of exceptional items and amortisation which by their nature tend to be expenses that are more likely to be not deductible than those incurred in ongoing trading profits. The income statement tax charge excludes tax in relation to joint ventures.

## Earnings per share

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.

	2021			2020		
	(Losses)/ earnings attributable to owners of the parent \$m	Number of shares m	(Losses)/ earnings per share cents	(Losses)/ earnings attributable to owners of the parent \$m	Number of shares m	(Losses)/ earnings per share cents
<b>Basic</b>	<b>(139.5)</b>	<b>675.6</b>	<b>(20.6)</b>	<b>(229.5)</b>	<b>672.5</b>	<b>(34.1)</b>
Effect of dilutive ordinary shares	-	-	-	-	-	-
<b>Diluted</b>	<b>(139.5)</b>	<b>675.6</b>	<b>(20.6)</b>	<b>(229.5)</b>	<b>672.5</b>	<b>(34.1)</b>
Exceptional items, net of tax	<b>175.1</b>	<b>-</b>	<b>25.9</b>	<b>283.3</b>	<b>-</b>	<b>42.1</b>
Amortisation related to acquisitions, net of tax	<b>82.7</b>	<b>-</b>	<b>12.2</b>	<b>102.2</b>	<b>-</b>	<b>15.2</b>
<b>Adjusted diluted</b>	<b>118.3</b>	<b>675.6</b>	<b>17.5</b>	<b>156.0</b>	<b>672.5</b>	<b>23.2</b>

Basic loss per share for the year was 20.6 cents per share (2020: 34.1 cents). The loss for the year attributable to owners of the parent of \$139.5 million is lower than the loss reported in 2020 mainly due to the higher exceptional charge in 2020.

## Dividend

In response to the uncertainties of Covid-19, the Board withdrew its recommendation for dividend payments in 2020. Given the high level of net debt held by the Group, the Board has decided not to recommend dividends in relation to 2021.

The Board recognises the importance of dividends to shareholders and is committed to reviewing the policy in the future following the proposed sale of our built environment business.

## Cash flow and net debt

	Excluding leases 2021 \$m	Impact of leases 2021 \$m	Total 2021 \$m	Excluding leases 2020 \$m	Impact of leases 2020 \$m	Total 2020 \$m
<b>Adjusted EBITDA</b>	<b>418.5</b>	<b>135.4</b>	<b>553.9</b>	<b>479.2</b>	<b>151.2</b>	<b>630.4</b>
Less JV EBITDA	(54.0)	(6.7)	(60.7)	(60.1)	(7.7)	(67.8)
JV Dividends	26.3	-	26.3	29.6	-	29.6
Decrease in provisions	(75.6)	-	(75.6)	(45.4)	-	(45.4)
Other	10.7	3.3	14.0	6.7	-	6.7
<b>Cash flow generated from operations pre working capital</b>	<b>325.9</b>	<b>132.0</b>	<b>457.9</b>	<b>410.0</b>	<b>143.5</b>	<b>553.5</b>
(Increase)/decrease in receivables	(70.1)	-	(70.1)	504.2	-	504.2
Decrease in payables	(163.2)	-	(163.2)	(342.3)	-	(342.3)
Decrease in advance payments	(72.7)	-	(72.7)	(276.8)	-	(276.8)
Decrease in inventory	0.1	-	0.1	0.9	-	0.9
<b>Working capital movements</b>	<b>(305.9)</b>	<b>-</b>	<b>(305.9)</b>	<b>(114.0)</b>	<b>-</b>	<b>(114.0)</b>
Cash	(159.1)	21.0	(138.1)	(114.6)	21.3	(93.3)
<b>Cash generated from operations</b>	<b>(139.1)</b>	<b>153.0</b>	<b>13.9</b>	<b>181.4</b>	<b>164.8</b>	<b>346.2</b>
Capex and intangibles	(92.8)	-	(92.8)	(81.6)	-	(81.6)
Interest paid	(84.4)	-	(84.4)	(82.9)	-	(82.9)
Tax paid	(73.5)	-	(73.5)	(43.2)	-	(43.2)
Other	(8.2)	14.6	6.4	(19.2)	23.6	4.4
Non-cash movement in leases	-	(76.0)	(76.0)	-	(146.5)	(146.5)
<b>Free cash flow</b>	<b>(398.0)</b>	<b>91.6</b>	<b>(306.4)</b>	<b>(45.5)</b>	<b>41.9</b>	<b>(3.6)</b>
Divestments	19.3	-	19.3	455.2	-	455.2
<b>(Increase)/decrease in net debt</b>	<b>(378.7)</b>	<b>91.6</b>	<b>(287.1)</b>	<b>409.7</b>	<b>41.9</b>	<b>451.6</b>
<b>Opening net debt</b>	<b>(1,014.3)</b>	<b>(541.4)</b>	<b>(1,555.7)</b>	<b>(1,424.0)</b>	<b>(583.3)</b>	<b>(2,007.3)</b>
<b>Closing net debt</b>	<b>(1,393.0)</b>	<b>(449.8)</b>	<b>(1,842.8)</b>	<b>(1,014.3)</b>	<b>(541.4)</b>	<b>(1,555.7)</b>

Closing net debt at 31 December 2021 including leases was \$1,842.8 million (2020: \$1,555.7 million). Included within closing net debt is the IFRS 16 lease liability which is the net present value of the lease payments that are not paid at the commencement date of the lease and subsequently increased by the interest cost and reduced by the lease payment made. The lease liability as at 31 December 2021 was \$449.8 million (2020: \$541.4 million). All covenants on the debt facilities are measured on a frozen GAAP basis and therefore exclude the impact of IFRS 16.

Closing net debt excluding leases as at 31 December 2021 was \$1,393.0 million (2020: \$1,014.3 million). The increase in net debt excluding leases of \$378.7 million is mainly due to lower cash generated from operations due to lower activity levels in 2021 compared with 2020 and a large working capital outflow.

The monthly average net debt excluding leases in 2021 was \$1,680.0 million (2020: \$1,597.8 million). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt excluding leases is typically lower than the monthly averages due to a combination of factors including a strong focus on collection of receipts from customers and the timing of payments to suppliers.

Cash generated from operations pre-working capital decreased by \$95.6 million to \$457.9 million primarily as a result of the reduction in EBITDA and the movement in provisions. The movement in provisions in 2021 includes utilisations of the provision and the net non-cash credit (2020: charge) to EBITDA and is caused by releases to EBITDA exceeding the EBITDA charge of new provisions recognised. The release in 2021 is driven by the Group concluding on a number of historic litigation and insurance and property provisions which are no longer necessary following resolution of disputes or the underlying risk.

There was a working capital outflow of \$305.9 million (2020: \$114.0 million). There was an improvement in activity levels in the final quarter of 2021 compared with 2020, and in conjunction with higher days sales outstanding ("DSO") led to a higher combined trade receivables and gross amounts due from customers compared with 2020, which resulted in an outflow during 2021.

The outflow in the year due to payables of \$163.2 million is lower than 2020. The large outflow in 2020 was driven by a reduction in activity levels in 2020 compared with 2019. Activity levels recovered during the final quarter of 2021 however the increased activity was not sufficient to cover the cash outflow in the first half of 2021 from lower activity.

The cash outflow due to advances payments in 2021 was \$72.7 million and compares to \$276.8 million in 2020. The reduced outflow in 2021 is due to the unwind of advances in 2020 which were received in previous periods as contracts have been completed in the Projects business. As a result of the Group de-risking its portfolio of contracts by moving away from large scale EPC contracts, the unwind in advances has not been offset by new awards in 2021.

The Group uses a receivables financing facility of \$200.0 million. The amount utilised at 31 December 2021 was \$200.0 million (2020: \$190.0 million). The facility is non-recourse to the Group and so is not included in our net debt.

Cash exceptionals have increased by \$44.8 million to \$138.1 million in 2021 and mainly relates to payments amounting to around \$75 million in respect of the investigation which was provided for in 2020 and is stated net of insurance receipts of around \$2 million. The remaining cash exceptional relates to the cash cost of restructuring of around \$50 million and mainly includes future fit costs of around \$29 million, the closure of the Paris office of around \$15 million and our AIG business of around \$6 million. In addition, payments of around \$8 million were made in respect of onerous property contracts.

Payments for capex and intangible assets were \$92.8 million (2020: \$81.6 million) and included software licences and expenditure on ERP systems across the Group. The increase is mainly due to the resumption in the implementation of the ERP system and other discretionary capital expenditure which was paused during 2020 to preserve cash. We expect payments for capex and intangible assets to be higher in 2022.

Tax payments during 2021 were \$73.5 million (2020: \$43.2 million). The increase partly reflects the timing of payments made in Canada.

Net cash from divestments of \$19.3 million relates to the disposal of our interest in the Sulzer Wood joint venture.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) reduced to 2.8% (2020: 61.5%) primarily due to large working capital outflow during 2021 compared with 2020.

### Sources and uses of cash

The decrease in cash generated from operations in 2021 to \$13.9 million from \$346.2 million reflects the lower EBITDA in the year and large working capital outflow.

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 customers;
- Project risks, which include delays and disputes which can influence our ability to collect cash from our customers; and
- Other risks, including the actions of governments and other third parties which can affect our ability to service our increasingly global customer base.

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

- Servicing and repayment of our debt facilities;
- Capital expenditure;
- Potential returns to our shareholders; and
- Potential acquisitions.

## Summary balance sheet

	2021 \$m	2020 \$m
Goodwill and intangible assets	6,075.3	6,216.2
Right of use assets	356.1	408.9
Other non-current assets	790.6	831.1
Trade and other receivables	1,791.3	1,698.6
Trade and other payables	(1,998.6)	(2,019.7)
Net debt excluding leases	(1,393.0)	(1,014.3)
Lease liabilities	(449.8)	(547.4)
Provisions	(635.2)	(942.6)
Other net liabilities	(451.4)	(464.0)
<b>Net assets</b>	<b>4,085.3</b>	<b>4,172.8</b>
<b>Net current liabilities</b>	<b>(367.9)</b>	<b>(457.3)</b>

At 31 December 2021, the Group had net current liabilities of \$367.9 million (2020: \$457.3 million). The reduction in net current liabilities is primarily due to the extension of the maturity of the Group's debt facilities following the new \$1.2 billion Revolving Credit Facility and \$600 million UKEF facility issued during 2021.

Goodwill and intangible assets include \$4,228.7 million (2020: \$4,354.7 million) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The balance has decreased during the year primarily because of the amortisation of intangible assets.

Right of use assets and lease liabilities amount to \$356.1 million (2020: \$408.9 million) and \$449.8 million (2020: \$541.4 million) respectively.

The increase in trade and other receivables is primarily due to increased activity levels in the final quarter of the year compared with the same period in 2020 and an increase in DSO. There have been no instances of material default by our customers as a result of the current market conditions.

Trade and other payables have decreased by \$21.1 million since December 2020 and this is mainly due to a reduction in amounts due to customers and deferred income which was primarily related to the unwind of advances received on contracts in the Projects business. This was partially offset by an increase in other payables due to the reclassification of the current portion of the investigations provision of \$40.6 million.

The provisions balance reduced by \$307.4 million to \$635.2 million. The decrease in provisions is mainly driven by reclassifications of \$235.2 million, utilisations and releases of \$130.9 million and FX of \$2.1 million partially offset by charges of \$60.8 million.

The reclassifications primarily relate to the investigations provision which was recognised in full as at December 2020 and has been subsequently reassessed to trade and other payables following agreement with the authorities, with the non-current portion being reflected in other net liabilities.

Provisions utilised amounted to \$65.2 million and mainly related to asbestos of \$42.5 million and various legal and project related matters. Releases to the income statement amounted to \$65.7 million and was mainly related to a number of historical project related and insurance and property provisions which are no longer necessary following resolution of disputes or the underlying risk.

## Contract assets and liabilities

	2021 \$m	2020 \$m
Trade receivables	729.6	646.9
Non-current contract assets	66.5	111.3
Amounts due from customers	628.1	638.6
Amounts due to customers	(87.5)	(203.2)
Deferred income	(115.0)	(69.7)
	<b>1,221.7</b>	<b>1,123.9</b>

The net increase in trade receivables and amounts due from customers is due to increased activity levels in the final quarter compared with the same period in 2020 and higher DSO. There have been no instances of material default by our customers as a result of the current market conditions. The net reduction in amounts due to customers and deferred income was \$70.4 million and primarily related to the unwind of advances received on contracts in the Projects business.

Non-current contract assets of \$66.5 million includes \$46.6 million of gross amounts due from customers and \$19.9 million of trade receivables in relation to the Aegis contract as at 31 December 2021. The corresponding balances as at 31 December 2020 amounted to \$111.3 million, with \$94.1 million included in gross amounts due from customers and \$17.2 million of trade receivables. The decrease in the non-current contract assets is mainly as a result of the Aegis contract loss recorded in exceptional items. 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 additional provisions recognised in respect of this contract.

## 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 USA. At 31 December 2021, the Group has net asbestos related liabilities of \$349.1 million (2020: \$380.9 million).

The Group expects to have net cash outflows of around \$35 million as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2022. 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 2021, the UK defined benefit pension plan had a surplus of \$259.6 million (2020: \$188.8 million) and other schemes had deficits totalling \$74.7 million (2020: \$124.4 million).

The Group has total pension scheme assets of \$4,811.5 million (2020: \$4,844.3 million) and pension scheme obligations of \$4,626.6 million (2020: \$4,779.9 million) and is therefore 104% (2020: 101%) funded on an IAS 19 basis. The reduction in the scheme liabilities is driven by a higher discount rate used in the actuarial assumptions.

In assessing the potential liabilities, judgement is required to determine the assumptions for inflation, discount rate and member longevity. The assumptions at 31 December 2021 showed an increase in the discount rate which results in lower scheme liabilities and higher RPI inflation rates, thereby increasing the surplus compared to 2020. 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 2021 the Group disposed of interest in Sulzer Wood for a cash consideration of \$19.3 million.

#### Notes to the financial review

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

	2021 \$m	2020 \$m
<b>Operating profit/(loss) per income statement</b>	<b>32.3</b>	<b>(32.9)</b>
Share of joint venture finance expense and tax (note 12)	15.3	8.3
Exceptional items (note 5)	159.7	247.3
Amortisation (including joint ventures)	191.7	227.7
Depreciation (including joint ventures)	39.1	45.4
Depreciation of right of use assets	109.8	134.6
Impairment of PP&E and right of use assets	6.0	-
<b>Adjusted EBITDA</b>	<b>553.9</b>	<b>630.4</b>

2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing losses attributable to owners (\$139.5 million) before exceptional items (\$175.1 million) and amortisation relating to acquisitions (\$82.7 million), 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 (675.6 million). In 2021, AEPS was not adjusted to assume conversion of all potentially dilutive ordinary shares because the unadjusted result is a loss.
3. Number of people includes both employees and contractors at 31 December 2021.
4. Net Debt to adjusted EBITDA cover on a covenant and reported basis is presented in the table below.

	2021 \$m	2020 \$m
Net debt excluding lease liabilities (reported basis) (note 29)	1,393.0	1,014.3
Covenant adjustments	13.5	75.0
<b>Net debt (covenant basis)</b>	<b>1,406.5</b>	<b>1,039.3</b>
Adjusted EBITDA	553.9	630.4
Adjustment to exclude the impact of IFRS 16	(135.4)	(151.2)
Covenant adjustments	29.5	11.5
<b>Adjusted EBITDA (covenant basis)</b>	<b>448.0</b>	<b>490.7</b>

**Net debt to adjusted EBITDA (covenant basis)** 3.1 2.1

Adjusted EBITDA	553.9	630.4
Adjustment to exclude the impact of IFRS 16	(135.4)	(151.2)
<b>Adjusted EBITDA (reported basis)</b>	<b>418.5</b>	<b>479.2</b>

**Net debt to adjusted EBITDA (reported basis)** 3.3 2.1

**Note:** The covenant basis shown above refers to the measure as calculated for our RCF. The measure used for our USPP and UKEF is not materially different from the reported measure shown above.

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

	2021 \$m	2020 \$m
Net finance expense	92.6	86.7
Covenant adjustments	(6.7)	(4.8)
<b>Net finance expense (covenant basis)</b>	<b>85.9</b>	<b>81.9</b>
Adjusted EBITA	405.0	450.4
Adjustment to exclude impact of IFRS 16	(18.5)	(16.6)
Covenant adjustments	22.1	11.5
<b>Adjusted EBITA (covenant basis)</b>	<b>408.6</b>	<b>445.3</b>
<b>Interest cover (covenant basis)</b>	<b>4.8</b>	<b>5.4</b>
Net finance expense	92.6	86.7
Adjusted EBITDA (reported basis)	418.5	479.2
<b>Interest cover (reported basis)</b>	<b>4.5</b>	<b>5.5</b>

6. Reported to like-for-like reconciliation

	2021 Reported disposals \$m	Impact of of \$m	Like- for-like \$m	2020 Reported disposals \$m	Impact of of \$m	Like- for-like \$m
<b>Revenue</b>						
Consulting	1,787.5	-	1,787.5	1,823.2	(63.1)	1,760.1
Projects	2,339.8	-	2,339.8	3,569.3	-	3,569.3
Operations	2,098.1	-	2,098.1	2,033.2	(13.2)	2,020.0
Investment Services	200.6	-	200.6	138.6	-	138.6
<b>Group total</b>	<b>6,426.0</b>	<b>-</b>	<b>6,426.0</b>	<b>7,564.3</b>	<b>(76.3)</b>	<b>7,488.0</b>
<b>Adjusted EBITDA</b>						
Consulting	226.8	-	226.8	224.3	(5.4)	218.9
Projects	167.7	-	167.7	205.4	-	205.4
Operations	225.1	-	225.1	256.1	(11.0)	245.1
Investment Services	10.9	-	10.9	12.8	-	12.8
Central costs*	(76.6)	-	(76.6)	(68.2)	-	(68.2)
<b>Group total</b>	<b>553.9</b>	<b>-</b>	<b>553.9</b>	<b>630.4</b>	<b>(16.4)</b>	<b>614.0</b>
<b>Adjusted EBITDA margin %</b>						
Consulting	12.7%	-	12.7%	12.3%	0.1%	12.4%
Projects	7.2%	-	7.2%	5.7%	-	5.7%
Operations	10.7%	-	10.7%	12.6%	(0.5)%	12.1%
Investment Services	5.5%	-	5.5%	9.4%	-	9.4%
<b>Group total</b>	<b>8.6%</b>	<b>-</b>	<b>8.6%</b>	<b>8.3%</b>	<b>(0.1)%</b>	<b>8.2%</b>

\* Central includes the costs of certain Group management personnel, along with an element of Group infrastructure costs.

In FY21 executed disposals consisted of our joint venture interest in Sulzer Wood. Comparative figures also exclude revenue and adjusted EBITDA from the disposals of our nuclear and industrial services businesses, YKK and our joint venture interest in TransCanada Turbines (TCT) completed in 2020. These disposals accounted for \$nil revenue in FY21 (FY20: \$/6 million) and adjusted EBITDA of \$nil in FY21 (FY20: \$16 million).

# Creating a better tomorrow

The world we inhabit tomorrow will be born from the steps we take today.

Wood is committed to ensuring sustainability remains embedded in our strategy and purpose. We believe real change will come from our efforts to challenge the norm, address unsustainable behaviours and drive accountability for the sustainability goals we set.



In 2021, John Wood Group PLC received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

The use by John Wood Group PLC of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of John Wood Group PLC by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

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

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

Statement of compliance	85
Engagement with:	
Employees	14, 60-61, 80-81
Clients	16, 80
Investors & Lenders	15, 80, 95
Pensions	18
Community	18, 64-67
Suppliers	16, 80
Environment	17, 50-57
Principal decisions	19-21

## Non-financial information disclosures

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

Environmental matters	50-57
Employees	58-63
Human rights	63
Social matters	64-67
Anti-corruption & anti-bribery	48-49

Further information is contained in our annual Sustainability Report which is available at [woodplc.com/company/sustainability](http://woodplc.com/company/sustainability)

## Task Force on Climate-related Financial Disclosures (TCFD)

The information provided in this Annual Report, along with disclosures made in our Sustainability Report 2020 (SR)\*, published in Q3 2021, and CDP Climate Change questionnaire 2021 (CDP), includes the material climate-related financial disclosures consistent with our progress towards the four recommendations and the eleven recommended disclosures set. In the table below is a cross-reference to where the recommended disclosures can be found across each of the three documents.

However, as we try and align our approach to the updated TCFD additional guidance (Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (2021 TCFD Annex), released in October 2021, there are some recommendations in the '2021 TCFD Annex All Sector Guide' that will require more time for us to fully consider. In line with the current Listing Rules requirements (as referred to in Listing Rule 9.8.6R(B)), the areas where we require more time to implement are:

- We will look to include categorisation of the climate-related risks and opportunities which are considered to be short, medium and long term time horizons in our 2021 SR;
- Exploration of the setting of an internal carbon price is a significant aspect of our carbon reduction strategy, however this requires further discussions with senior management prior to developing an implementation plan; and
- Explanation and disclosure of key assumptions used to model our pathway to net-zero and how the scenario analysis impact financial statements risks.

We will be working to implement the rest of the 2021 TCFD Annex recommendations over the course of 2022 and intend to apply these more fully in our next TCFD disclosure as required by the Listing Rules for the next financial year.

TCFD recommended disclosures	Wood's disclosure	
	2021 Annual Report	Other
<b>Governance</b> Disclosure of the Group's governance around climate-related issues and opportunities	pgs. 57, 95, 98, 101-102	SR (pgs. 22-24, 75) CDP (sections C1.1b, C1.2, C1.2a)
<b>Strategy</b> Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Group's business, strategy and financial planning where such information is material.	pgs. 6-13, 56-57	SR (pgs. 77-80, 86-90, 96-99) CDP (sections C2.1a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.3, C3.4)
<b>Risk management</b> Disclosure of how the Group identifies, assesses and manages climate-related risks	pgs. 56-57, 68-69, 72	SR (pgs. 24, 75) CDP (sections C2.1, C2.2, C2.2a)
<b>Metrics and targets</b> Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	pgs. 19, 24-25, 53-55	SR (pgs. 76-107) CDP (sections C4.1, C4.1a, C4.2, C6.1, C6.3, C6.5, C9.1)

\* The timing of the Group's Sustainability Report is aligned to the UN Global Compact Communication on Progress (COP) annual deadline.

A more detailed index of our disclosures against the TCFD recommendations is available on our website [woodplc.com/tcfd](http://woodplc.com/tcfd)



## Health, safety & security

Our values of care, courage and commitment set the tone for what is most important to our business, the safety of our team and those who work with and for Wood. Central to these values is our commitment to our people. Ensuring the health, safety and wellbeing of our teams is at the heart of everything we do, and we remain steadfastly committed to providing a safe workplace for all.

### Health and safety

2021 has been a challenging year as our Health, Safety, Security, Environment & Sustainability (HSES) function continued to manage the impact to the Company of the global pandemic, whilst maintaining a strong focus on the key aspects of our health and safety programme.

One of these key aspects was the rebranding of Wood's Safety Shield to become 'The Shield'. The Safety Shield was implemented in 2019 to provide a single safety standard that is simple and understandable across countries and cultures.

With the principals of the Safety Shield fully embedded and operating effectively across the business, our focus in 2021 was on expanding the principals to encompass all disciplines within the function of Health, Safety, Environment, Sustainability, Security and Ethics & Compliance. The Shield represents how we protect our company, communities, colleagues, and ourselves through the simple and consistent application of 'Prepare, Engage and Intervene'. This aligns with our company values by asking our employees to have the commitment to prepare correctly, the care to engage and the courage to intervene.

Whilst we delivered a relatively consistent safety performance, regrettably there was a fatal incident in 2021. On 15 January 2021 in the United States, a fatal commercial motor vehicle incident occurred within the Projects business. An employee driving a Hydrovac truck encountered a damaged section of roadway which caused the cab to overturn and unfortunately the driver sustained fatal injuries.

An independent investigation team led by a senior manager was deployed to investigate the incident. In accordance with all very serious incidents, all driving activities globally were reviewed against Wood's standards as an immediate response.

Wood's Executive Leadership Team attended the incident investigation review which convened to validate the quality of the investigation and its findings and to agree on systematic learnings consistent with the process outlined in our investigation procedure.

The Safety, Sustainability, Assurance & Business Ethics Committee provided oversight to the incident investigation. The purpose of this oversight was to ensure the investigation was independent, of high quality and that the root causes and organisational learnings from this tragic event were fully identified.

Wood's leadership ensured that the employee's family and teammates were supported immediately by senior leadership, and our thoughts remain with the family and friends of our colleague. This incident has been the focus of quarterly engagements by the Executive President - HSES and global leaders across the business. A 'stand-down' was coordinated with the project management community. Communication of the incident to the business took place via the HSES Community webinar and included the reinforcement of safe driving behaviours and robust journey management principles.



## Managing the impact of Covid-19

As Covid-19 has persisted throughout 2021, our focus has continued to be on the safety and welfare of our employees. Wood has continued to monitor, adjust and apply our guidance and practices as the pandemic has evolved in waves across our global footprint. The business has continued to follow the best available advice and we have taken the necessary steps to protect our employees in what has been a continually evolving situation.

Considerable effort has continued throughout much of 2021 as the phased return to Wood workplaces has progressed in accordance with local conditions and guidelines. Comprehensive return to work plans, particularly in Q2 and Q3 ensured the safety and wellbeing of Wood employees as they returned to reopened offices and sites. Our plans were developed with the flexibility to de-escalate as well as re-escalate controls in accordance with local conditions, which has enabled effective business continuity for Wood.

In addition to our own safety measures, the increasing availability of vaccines throughout 2021 has been an important factor in helping the business to continue operations. With increasing numbers of mandates coming from government regulators and clients, Wood elected to roll out its own mandate in Q4 on vaccinations to ensure consistency of approach and to protect employees and their co-workers from the effects of the Covid-19 virus, enabling them to come back to Wood offices and sites safely and to support our client partnerships.

With a global reach, the vaccine mandate is being applied where jurisdictional legislation allows and where there is good accessibility to vaccines.

The mandate also gives consideration to those unable to participate for justifiable grounds. It remains under regular review by our subject matter experts in the face of the evolving pandemic conditions.

Our Crisis Management Team consisting of Wood senior leadership has also continued to evolve Wood's response to this ongoing crisis as the rolling tide of outbreaks across the globe has seen the need for control measures to strengthen as well as ease in response to local situations. The Board have received monthly updates on the situation within the business as well as the control measures implemented across the enterprise to protect the safety and wellbeing of Wood employees and those under Wood's control. It is anticipated in 2022 that we will continue to see similar requirements for locally enacted control measures at Wood sites and offices and that these measures will remain subject to evolving government and regulatory requirements.

The move to hybrid working that started in 2020 has continued to help mitigate the business continuity risk that changing government and regulatory requirements have brought and will likely continue to do so in the medium-term. However, in turn this also presents an additional occupational health related risk in terms of isolation and poor mental health which requires additional measures to prevent serious harm. To address this risk a global Mental Health Strategy has been developed to coordinate mental health resources, including the Employee Assistance Programme as well as services provided by our Occupational Health Providers, which will be implemented in 2022.

In the meantime, management at all levels has continued to engage extensively with staff to understand and respond to the stresses placed on them as a result of the pandemic. A confidential counselling service through our global Employee Assistance Programme is available to help colleagues experiencing the psychological impact of the pandemic, and we continue to provide resources to help people manage their physical and mental well-being through our 'Living Well at Wood' programme.

Along with the rest of the global community it is anticipated that in 2022 we will continue to see travel disruptions regionally and potentially locally. With an increasing need to be able to respond to these rapidly changing travel conditions, particularly for those in-field, Wood will continue to develop and evolve innovative digital platforms such as the Connected Worker App and HSES App. These platforms will not only aid our ability to better support our travelers but also enable Wood to be able to engage more rapidly with our field workers to ensure agile implementation of our evolving Covid-19 protocols.

We will also continue to closely monitor the situation with respect to emerging variants through our Occupational Health monitoring system. It is anticipated that in the longer term we will continue to require annual boosters to mitigate the impact of Covid-19 and to address the potential for new variants that will always exist.



## Continuous improvement planning

Continually improving the health and safety of our operations is one of the fundamental objectives of our approach. This is made possible through a risk-based analysis of performance across all areas of our operations on a regular basis.

### The 3 focus areas of our 2021 improvement plan were:

#### Compliance

- Deployment of a digitised platform for assurance action tracking and system self-assessment giving greater visibility of progress across the business

#### Connection

- Developing a "One Voice" approach. With the ongoing challenges of connecting in a virtual environment and managing organisational change, the HSSES leadership team are committed to behaving and communicating consistently across the business to achieve a unified function
- A robust communications strategy, the Health & Wellbeing initiative and the development of the Professional Services Team support our endeavours for a connected and collaborative HSSES function
- The Data and Technology Strategy is aimed at delivering intelligent, accessible data to anticipate and isolate risk for our people
- A learning culture that fosters innovation is the focus of the Connected Learning Project

#### Consistency

- The roll out of a Functional Connect and Development Programme to ensure knowledgeable leadership and management teams, as well as a skilful HSSES function
- Developing a fit-for-purpose monitoring and assurance programme to achieve enterprise consistency and reduction of duplication, ultimately simplifying Wood's assurance activities
- The Critical Risk Management project provides support, resources and tools to improve the health and wellbeing of our people, whilst also working in concert with Supply Chain to manage critical risks of providers



Our 3 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 which focused on:

- Establishment of an HSSE Professional Services capability, to simplify, drive consistency, and reduce optionality across the business. The newly formed Professional Services Team is designed to provide the efficient use of centralised high value resources to connect the function, provide consistent critical data and intelligence and share best practice through one common way of working. Through enhanced virtual engagement ability and global oversight, the initiative also provides enhanced professional career development opportunities
- Successful development and deployment of a new Emergency Management Standard, equipping our people with the resources to effectively prepare for and respond to crises
- Analysis of our safety culture across our operations conducted by way of Cultural Maturity Engagement. The activity is a follow up and extension from 2020 where we conducted a similar exercise to assess aspects of our safety culture, to enable us to direct more focused interventions
- Extensive and consistent leadership engagement to understand and respond to the stresses placed on the workforce because of Covid-19, along with sustained emphasis on the Living Well at Wood programme

In 2021 we launched the Management System Revitalisation Project which aimed to capture disparate standards, procedures, tools and work instructions throughout Wood's integrated and non-integrated systems and in turn provide a single consolidated enterprise system back to the business. The project commenced in Q1 2021 with an anticipated completion in Q3 2022.

The new management system will establish a simplified programme that will ultimately improve HSE performance, risk management and provide a consistent approach for management of critical risks because necessary and relevant information will be easily available to our workforce when and where they need it. An application to deliver the Management System to Wood employees and subcontractors, throughout all layers of the organisation is in development concurrently with the content. The application along with Power BI, a Microsoft AI technology used for automation of reporting, will strengthen Wood's ability to digitise processes and predict incidents before they happen.

Wood determined at the end of 2020 that we would engage DuPont Sustainable Solutions, as industry specialists to help benchmark us against other leaders in our field and to help us undertake a targeted assessment of three business groups that had historically underperformed compared to the rest of the Company regarding safety performance. The purpose of the assessment was to consider how effective our safety management system, processes, leadership, and culture was with respect to overall performance. Three business groups were chosen with the aim of conducting a deep dive assessment by the end of 2021. The assessment consists of analysis, engagement and report out stages and includes:

- The conduct of a safety perception culture survey
- Benchmarking against leading HSSE practice
- Serious incident frequency review
- Organisational effectiveness and technology enablement review

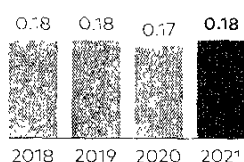
The outcomes of the assessments are currently under review and will form the basis of improvement plans for the three business groups.

## Health and safety performance

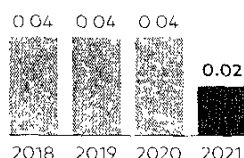
We established both leading and lagging safety targets at the beginning of the year, aligned to our 2021 improvement plan:

- 10% improvement in Total Recordable Incident Rate (TRIR) compared to the prior year
- DuPont Sustainable Solutions – Engagement: to undertake targeted assessment of three business groups in our organisation
- Leadership engagement events focused on safety visits by senior managers

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



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



## Total recordable incident rate (TRIR)

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 122 recordable incidents across the business. This represents 2% more recordable injuries than the previous year and regrettably there was one fatality in 2021 (see page 43). Whilst our TRIR performance of 0.18 represents a marginal increase compared to 2020, overall performance with respect to TRIR remains broadly flat and indicative of consistently high levels of focus on our safety programme.

All recordable incidents are robustly investigated and corrective and preventative action plans established dependent on the identified root causes. The primary root cause of these incidents was identified under the category of risk management and a failure to identify the hazard. This largely means that not all hazards had been noted on the risk assessments and therefore adequate controls for those hazards were not implemented.

The most common cause of injury (23%) was contact with tools, equipment or machinery. The next most common cause was slips, trips and falls which accounted for 18% of injuries.

## Lost time incidence rate (LTIR)

Performance is based on a rolling 12-month incident rate and is inclusive of contractors working under Wood's management system. In total there were 15 lost time incidence (LTI) cases across the business. This represents 10 fewer lost time incidents than the previous year. The lower number of lost time incidents in 2021 is indicative of Wood's focus on risk exposure, targeted controls and the strong focus of project teams on support mechanisms. Strong performance in this area suggests that when injuries have occurred, they have generally been less severe in comparison to 2020.

The most common work activity undertaken at the time an LTI occurred was maintenance and manual handling. Risk management issues were the most common root cause, with inadequate hazard identification and inadequate identification of controls featuring most often. All lost time incidents were investigated, and corrective and preventative action plans established to prevent reoccurrence.

## Leadership engagements

2021	Target	Achieved
No leadership engagements	1,274	1,552

The pandemic continued to impact our leaders' ability to undertake physical site visits. However, they continued to engage remotely with the teams by utilising remote cameras, online townhalls and virtual meetings. Our leaders' continued commitment to engaging with the team resulted in them exceeding the number of planned engagements for the year. The introduction of a Leadership Engagement application enables our leaders to record their engagements efficiently, which will allow for further enhanced reporting and trend analysis going forward.

Our focus on meaningful engagement with the frontline across our critical risk areas has continued throughout the year. We have learned from our workforce when revising our processes and procedures, worked with them on identifying and consolidating the tools they need and collaborated with them to better understand how technology can empower them to work safely. We have also developed digitally-enabled tools to provide predictive analytics, allowing management to anticipate future risk and protecting our people from harm. During 2021 and into 2022, our focus on identifying opportunities to ensure an incident free environment for Wood employees and contractors remains constant.



### Focus on security

Wood operates in a variety of countries with complex or challenging security risk environments. Group Security, part of Group HSEES, has a focus on improving the Company's resilience from a security perspective. They are responsible for providing both forward-looking strategic risk advice to leadership teams, as well as the security risk mitigation requirements for any activities in areas where crime, terrorism or political instability are a concern. Group Security also has responsibility for governance of the crisis, emergency, and business continuity management framework.

The team's aim is to enable the business to operate safely all over the world by focusing on four areas that are key to ensuring resilience.

During the year the Group Security function was reorganised, moving away from the business unit partnership structure to a regional model to enhance consistency. In addition, several digitalisation projects were successfully implemented in 2021 that increase the efficiency and effectiveness of the function in some operational areas including security risk assessment.

Wood's crisis and incident management teams have remained convened throughout the year to manage the continuing challenges of the pandemic, including vaccination and return to the workplace policy implementation.

To improve resilience at project, office and site level across the Company, a new emergency management standard was released at the start of the year with a focus throughout the remainder of the year on embedding the standard and ensuring its application throughout the business, ahead of upcoming internal audit reviews of the business units.

Operationally, the team have continued to provide remote support to our projects in high-risk jurisdictions and, thanks to the digitalisation initiatives undertaken, considerable assistance has been provided to bid and business development teams; particularly in the latter half of the year, as clients have restarted some projects that had been temporarily delayed by the pandemic.

In 2022 we will begin our Covid-19 re-emerge strategy. The initial focus will be an audit programme of those higher security risk projects that Group Security have not been able to travel to during the pandemic. Further to this, there will be time spent ensuring that the workplace violence and prevention and the site and office security standards, both developed in 2021 in response to internally identified needs linked to pandemic-related workplace violence and petty crime trends, are fully implemented across the business. The team will also be conducting a review of communication tools with a view to potentially implementing a more effective, digitised means of responding to and managing emergencies and crises.

Geo-political risk monitoring

Operational security, bids and planning

Resilience

Travel

Crisis and emergency management

Business continuity

## Ethics & Compliance

Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2021.

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 supporting those speaking up.

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

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

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

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

E&C has continued to build its team in 2021 to help strengthen governance and carry out key priorities. This included staffing two new roles (Trade Compliance Counsel and Senior Manager, ABAC Improvement Programme), as well as restructuring the roles of Compliance Counsel East and West, and Compliance Advisors – East and West.

Our key areas of focus in 2021 consisted of:

1. ABAC programme
2. Trade compliance
3. Data protection programme
4. Improving training and communications

Our Code of Conduct is available at [woodpic.com/ethics](http://woodpic.com/ethics)

Our Supply Chain Code of Conduct is available at: [woodpic.com/scm](http://woodpic.com/scm)

### Anti-Bribery and Anti-Corruption programme

In June/July 2021, Wood announced settlements with the Serious Fraud Office (SFO) in the UK, the Department of Justice (DOJ) and Securities and Exchange Commission (SEC) in the US, and the Ministério Público Federal (MPF), the Comptroller General's Office (CGU) and the Solicitor General (AGU) in Brazil, to resolve their respective bribery and corruption investigations into the past use of third parties in the legacy Amec Foster Wheeler business.

Under the terms of the agreements, Wood will pay compensation, disgorgement and prejudgment interest, fines and penalties totalling approximately \$177m. This will be phased over three years with approximately \$62m paid in 2021, and the balance to be paid in installments in 2022, 2023 and 2024.

In the UK, Wood entered a three-year deferred prosecution agreement (DPA) relating to the use of third-party agents for bribery and corruption in five jurisdictions; Nigeria, Saudi Arabia, Malaysia, India and Brazil, over the period 1996 to 2014, before Amec plc acquired Foster Wheeler and prior to the combined firm's acquisition by Wood in October 2017. Wood has also entered into a three-year DPA with the DOJ, a Cease & Desist order with the SEC, and leniency agreements with a term of 18 months with the CGU, AGU and MPF, all in relation to the historical use of third-party agents for bribery and corruption in connection with winning a project in Brazil.

Earlier in the year, in March, Wood also reached a civil settlement of approximately \$9m with Scotland's Civil Recovery Unit in relation to the historical engagement of a third party agent, Unaoil, by a legacy joint venture and potential unlawful conduct. This resolves an investigation by the Crown Office & Procurator Fiscal Service (COPFS) and the Civil Recovery Unit that was initiated following Wood's self-reporting of the issue.

Wood cooperated fully with all authorities in their investigations, which is reflected in the cooperation credit that Wood received from the authorities in their respective resolutions. Our improvements in relation to ABAC were recognised in the resolution processes, most notably in that there was no requirement for the appointment of a monitor.

However, as is standard under resolutions of this nature, Wood has committed to further ABAC improvements and enhancements under the terms of the DOJ and SFO DPAs and the Brazilian leniency agreements. Recognising our responsibilities in this area, work on the planning and development of our ABAC programme continued through the first half of 2021 and the ABAC programme was implemented on completion of the settlements.

Building on previous improvement work, we continue to review and enhance policies and processes. The gifts and hospitality (G&H) policy was updated to emphasise government and public officials as a critical focus area. We also revised our conflicts of interest (COI) policy to improve transparency in assessing and mitigating potential or actual conflicts. Upgrades to the G&H and COI review processes will occur in 2022 to augment management information reporting capabilities. A structured management information programme helps track compliance with policy requirements and identifies key trends on which to focus training and communications.

### Third parties

Consistent with efforts over the past couple of years, we maintained our focus on management of third parties.

As regards commercial intermediaries (CIs), Wood continues to prohibit, as a matter of policy, the engagement of 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. The CI policy and procedure has been updated to refine our existing approach by introducing a new risk methodology and a commercial intermediary lead role, as well as clearer onboarding and ongoing monitoring requirements. Implementation is expected to continue throughout 2022.

Management of other third-party risk, and in particular joint venture risk, is a key focus of the ABAC programme. Substantial progress has been made in this area in 2021; a comprehensive due diligence review of our existing incorporated joint venture partners is well progressed; a systematic, risk-based due diligence process was devised and implemented across the majority of our supply chain; and a new client/opportunity due diligence process is under development after substantial stakeholder engagement and planning. These due diligence initiatives will continue throughout 2022.

### Ethical culture

Leadership must be visibly committed to the highest standards for business conduct, demonstrating compliance with the Code and our values through their words and actions. The E&C team partners with leaders to further embed ethics throughout the organisation.

The Chief Ethics & Compliance Officer reports to the General Counsel (having previously reported to the Executive President – HSSE&S) and meets regularly with the CEO and the Safety, Sustainability and Business Ethics Committee (SSABE) to provide updates on the status of the programme.

Wood has designated key leaders as Ethics Responsible Officers (ROs) to promote the Code and related ethics and compliance policies and procedures, as well as to support E&C initiatives. Throughout 2021, E&C engaged regularly with ROs through one-on-one sessions, as well as through formal meetings of the Business Ethics Forum (BEF). The BEF provides a mechanism for the E&C team to engage with operational and functional leadership throughout the organisation. During the meetings, E&C provided updates on the status of ongoing ethics and compliance projects; discussed the effectiveness of Wood's ethics and compliance programme; identified matters of potential or actual ethics and compliance misconduct along with mitigation efforts with respect to unfavourable trends or ethics and compliance risks faced by Wood.

### Ethics & Compliance training and communications

Our training and communication efforts are a fundamental component of the E&C programme and help reinforce a strong ethical culture at Wood. In 2021, we implemented an integrated training and communication plan comprised of a three-tiered engagement strategy, consisting of influencing, bespoke training and immersion, with initial emphasis on influencing, through foundational communications, and bespoke training. In 2022 we will move into the immersion tier of the strategy by promoting awareness of key E&C issues to site-based employees.

During the year, E&C developed a new library of Ethics Moments, which enable leaders to easily prompt discussions with their teams about ethics and compliance issues. Fifty Ethics Moments were published in 2021 with the expectation of doubling this content in 2022. Another new facet of the programme is the micro-learning library, where employees can access 1-3 minute training videos covering various ethics and compliance related topics, such as competition and anti-trust, gifts and entertainment, and reporting and non-retaliation.

In 2021, mandatory ethics and compliance training was deployed to nearly 4,600 mid-level managers and principals, and 100% completion was attained. The training was designed to drive everyday ethical decision making and position learners as local champions of core E&C messages, enabling them to initiate conversations about conducting business with integrity and promoting a "Speak Up" culture. In addition, all participants in the Annual Bonus Plan, the outcomes of which are linked to company performance, were required to complete a Code of Conduct certification.

All other employees were requested to complete the certification on a voluntary basis. By completing this certification, employees acknowledge that they have read, understood, and agree to comply with the Code.

Moreover, throughout the year, risk-based online training and webinars were provided to smaller targeted audiences on topics including anti-bribery and anti-corruption, confidential information and conflicts of interest.

E&C partners with a third-party to anonymously survey employees in specific geographic regions for feedback on ethical culture. In 2021, this annual survey was distributed to over 3,500 employees in the Asia Pacific region. The survey results will help set training and communication priorities in 2022.

### Managing cases

We encourage employees to use their line manager as a first point of contact to report concerns, with additional "Speak Up" resources available, including another manager, People & Organisation, or Legal. As such, many matters are managed without E&C intervention. However, employees may also contact E&C directly or use the Ethics Helpline, which is operated by an independent third party and allows anyone to raise a concern or report a suspected violation of our policies, procedures or the law. Reporters can make reports by telephone or online and may elect to remain anonymous. On a quarterly basis, the SSABE Committee is provided a summary of the use of E&C Speak Up resources, including initiatives to further promote the "Speak Up" culture.

During 2021, E&C received a total of 139 concerns through the Ethics Helpline and internal channels. All concerns are reviewed and necessary disciplinary action and/or remedial action is taken as appropriate. Of the 49 allegations which were substantiated this year after review or investigation, eight resulted in termination of employment for serious violations of company policy.

### Trade compliance

The business has embraced the expertise made available by the newly created Trade Compliance Counsel role, which covers sanctions, export controls and anti-boycotting, and the appointment of a leading law firm in support. We have also implemented a proprietary restricted party screening and monitoring tool to support the due diligence and continuous assurance of our clients. Our sanctions risk assessment is underway and will be completed in 2022.

### Data privacy and protection

The data privacy team continued to drive improvements in how we manage personal data through our data privacy and protection programme. Through the programme we implemented the new South African privacy law and progressed implementation of new and

amended privacy regulations in Brazil, Singapore and Thailand. Two Data Information Officers, the equivalent of Data Protection Officers ("DPOs"), were appointed for South Africa along with a DPO for Brazil, bringing the total number to six and strengthening local support for privacy compliance.

Communications and training continue to be an important element in the privacy programme. A communications campaign was run over five days in January 2021 targeted at Wood employees. A library of 25 case studies and privacy moments was used to reach a wider group of workers along with Yammer posts on Wood networks and communications to the Data Protection Ambassador network. There were more than 900 attendees at virtual training sessions designed for specific roles such as the Delhi Financial Shared Services team and 2,200 individuals completed online privacy training.

Under the programme we conducted a review of the use of the OneTrust system for privacy assessments and refined procedures and documentation to make it easier to use and trials are being conducted allowing certain individuals to self-serve in relation to issuing assessments and accessing vendor assessments. It is envisaged that assessments on the OneTrust system will be increasingly used to document governance and use of personal data throughout Wood and become Wood's source of information on personal data use, notwithstanding they are not always mandated by local laws.

The privacy team has continued to provide support on the use of personal data for key company initiatives including:

- The processing of sensitive data to support inclusion and diversity activities, in particular, the collection of data in the employee engagement survey hosted by Peakon
- Covid-19 matters including advice on collection and use of Covid data, implementation of a new system to store Covid data and the roll-out of the Global Mandatory Covid Vaccination policy. Privacy assessments are being used on an ongoing basis to document the approach to collection and use of Covid data
- The transfer of personal data to Oracle through the Oracle Light and other programmes

Data privacy incidents continue to be low-level impact and mainly occur within our internal environment such as including excessive personal information in reports and sending emails to the wrong Wood employee. Incident learnings are used to drive improvements throughout our businesses. The volume of individual subject access requests has reduced from previous years and remains consistently low and they have been handled in compliance with legislation.

## Environment

Protecting the environment is more important than ever. Society has woken up to the realisation that we cannot continue to exploit the world's resources, pollute its ecosystems and eradicate biodiversity without a dramatic impact to our quality of life. As a business, we recognise our responsibility to the environment and our stakeholders to take action to reduce the environmental impact of our operations, be it climate change, waste plastics or ecosystem damage.

We do not take this responsibility lightly and believe we have a significant part to play in challenging ourselves and others to play their part in addressing this global issue. Climate change is shaping our business in terms of the business we do and the way we deliver it.

### Our approach to environmental management

Our commitment to the environment is set out in our HSSE Policy, supported by our global HSSES management system. Our approach is aligned to ISO14001:2015, which provides the framework for how we manage our global environmental responsibilities and ensures our processes are effective in delivering continuous improvement in our environmental performance. Whilst our 14001:2015 certification covers over 11,000 employees globally, externally verified by Lloyds Register, our management system extends beyond certification. Those areas not covered by our certification must comply with Wood's minimum environmental standards, which although not certified, have been developed to meet the requirements of the ISO 14001:2015 standard

Our standards have been developed following a comprehensive review of Wood's environmental commitments and performance, considering environmental best practice, regulatory performance and environmental incident investigations and learning.

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
- Reducing our environmental impact

Each section is further sub-divided into key elements covering key environmental aspects. 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 environmental impact

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



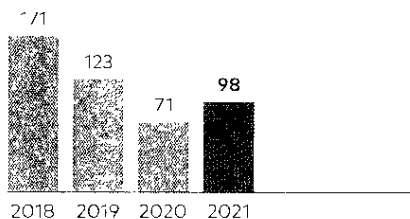


## Environmental performance

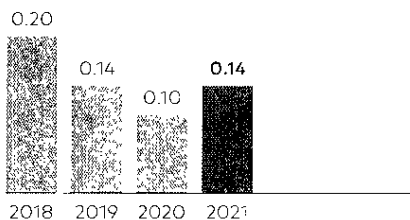
Key environmental data is captured centrally, including incidents, audits, and regulatory interactions. All significant pollution incidents and near miss events are investigated and subject to an incident review panel. We record environmental observations through our corporate observation reporting system, Harm Elimination and Recognition Tracker (HEART), and encourage the Wood Shield approach to environmental management: preparing properly; engaging our workforce in environmental management and having the courage to intervene to prevent environmental harm. Environmental data assists the business to target time and resources to maintain good performance.

Environmental incident data is reported globally into our in-house incident management and analysis tool, Corporate Analysis Incident Reporting System (CAIRS). Monthly and quarterly reports are provided to senior leadership and the Board on environmental performance, inclusive of data, trends and incidents. This provides visibility of environmental performance and ensures environmental management is addressed at the highest level in the organisation.

### Number of environmental incidents



### Environmental incident frequency rate per 200,000 work hours



Having fallen significantly in both 2019 and 2020, environmental incidents increased this year by 38%. Incidents are sensitive to type, location and phase of projects. In the year a number of projects were in the groundwork phase, when the potential for environmental incidents is inherently higher, and have operated throughout seasons. Some of our projects and operations have also been impacted by the Covid-19 pandemic restrictions that continued into 2021; temporary office and project closures, reduced workforces and restricted activities have all impacted on the number of incidents that have occurred. With Covid-19 restrictions varying throughout the period and by geography, our approach to operations has needed to be reactive to the constantly evolving situation. This means that the incident levels for 2020 and 2021 are not comparable with each other and even more so with 2019, pre-pandemic.

All reported incidents were minor events with localised or no environmental harm resulting from the incident e.g. oil leakage within bunds or hard standing and silt discharges into drainage systems. There has been no regulatory action in any jurisdiction throughout the year and Wood is not subject to any pending proceedings in 2021.

The most common reported cause of incidents were failure of plant and equipment (47%) with hydraulic oil being the most common cause of contamination. We will continue to increase the information we gather on such incidents to enable pro-active steps to be taken with our suppliers to prevent re-occurrence.

As well as an increase in the total number of incidents reported, we have also observed a rise of 40% in our environmental frequency rate compared to 2020.

Further information on our environmental performance and ongoing strategy is contained in our annual Sustainability Report, which is available at: [woodplc.com/company/sustainability](https://www.woodplc.com/company/sustainability)

## Reducing our impact

### Environmental responsibility at the heart of our operations

We understand how important it is to take responsibility for the environmental impact of the work that we do, and how we do it. Reducing our environmental impact needs to be at the heart of our day to day decision making process, not an add on. By considering more environmentally friendly techniques, materials and tools, we will challenge the norm and create new, better possibilities for our own operations and for our clients.

Responding to and mitigating environmental impacts requires an ability to create innovative solutions by working together with all our stakeholders. This is where employee core competency and awareness are essential, combined with intervention skills to imagine and innovate new solutions to often complex matters.

### Plastic elimination

We have committed to eliminating single use plastics (SUP) from all of our offices by 2025. Covid-19 has created obstacles on this journey as many of our employees temporarily moved from being office based to home based and project sites have had to implement Covid safe practices involving the use of disposable plastic items. Whilst this caused some interruption to our intended primary focus for 2021 of creating a location-based SUP baseline to measure our reduction efforts against, we found new, innovative ways to deliver our aim.

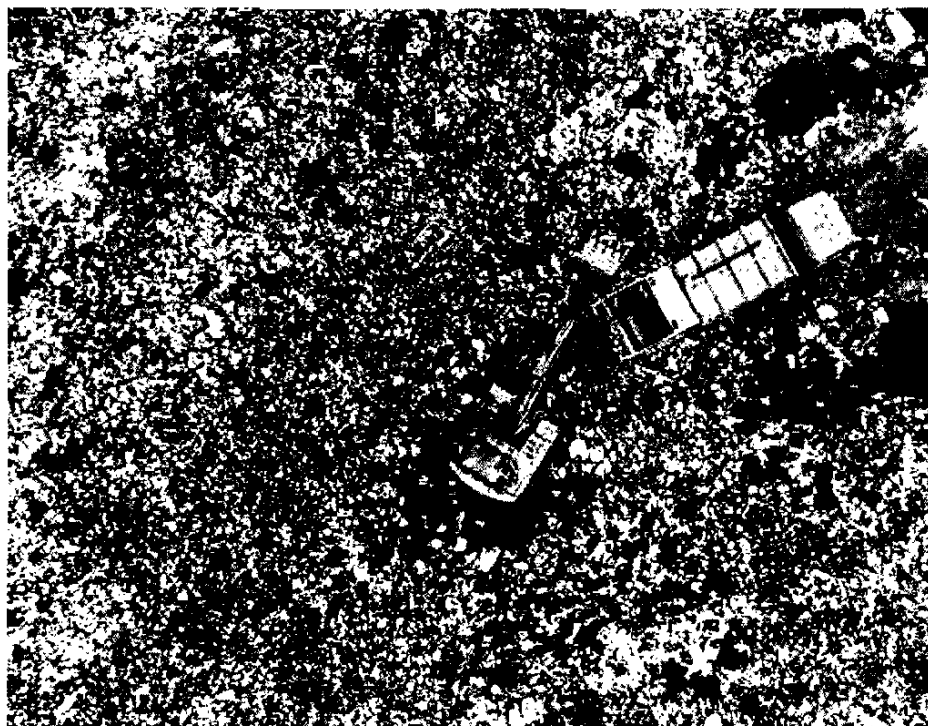
For example, with many of our offices closed we were unable to undertake waste audits as planned so we changed our approach and our Consulting waste team undertook a review of our global procurement data to identify items of SUP being purchased with the aim of producing a preliminary 2019 baseline. Whilst there were some limitations in the procurement data, the key spend categories and overall spend for SUP was identified. To supplement the insights gained from the procurement data and in order to finalise the baseline measure, a plan to undertake waste audits throughout offices in early 2022 has been developed.

### Case Study – South West Scotland Stone Re-use

Our work on the Southwest Scotland interconnector project involved the installation of 232 electricity transmission towers and associated cabling to bring renewable energy from newly constructed wind turbines to the electrical grid. Given the rural nature of the construction approximately 1 million tonnes of stone were needed to establish access tracks and provide foundations.

With the power lines commissioned and energy flowing from wind turbines to the grid, the project's focus turned to the restoration of the areas impacted by the construction. The stone used to construct the access tracks would technically have been considered to have reached the end of its life and as such would traditionally be treated as waste. Wood with its client, Scottish Power Energy Networks, has been working with a local regulator, the Scottish Environmental Protection Agency (SEPA), the local planning authorities, local landholders, local charities, and wind farm developers to minimise the amount of stone that would be treated as waste.

A beneficial re-use has been identified for all of the stone extracted for instance, through the construction of permitted forestry roads, restoration of borrow pits, and a donation of stone to the Carsphairn Community Trust. The areas from where the stone has been removed have been landscaped, allowing for natural revegetation in the coming growing seasons.





## Carbon reduction

The importance of reducing greenhouse emissions has heightened even further in 2021 with the publication of the Intergovernmental Panel on Climate Change's (IPCC) latest report. The report gave a stark warning that the rate at which we are reducing greenhouse gas emissions must increase if we are to achieve the goal of limiting climate change to 1.5°C as per the Paris agreement.

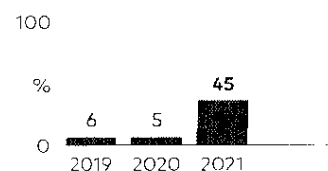
We recognise this urgency and have challenged ourselves around what else we can do. Our Board and ELT regularly review our carbon reduction target to ensure that it remains appropriate for Wood. The methodologies established by the Science Based Target Initiative (SBTi) remain the most widely recognised process for the establishment of reduction targets aligned to the goals of the Paris Agreement. In light of the publication of the IPCC report and the move by many corporates to commit to net-zero, there have been changes to the SBTi's approach with the publication of their Net-Zero Standard which we are currently evaluating to ensure our targets remain relevant and credible. Our carbon reduction strategy is a live process, our aim is to ensure our approach evolves to reflect the needs of our many stakeholders.

We report our emissions in line with both location and market-based methodologies. However, we have adopted a market-based approach as our principal reporting method. This methodology was used to establish our 2019 baseline of 173,585 tonnes CO<sub>2</sub>e and will be utilised going forward when assessing progress against our target to reduce scope 1 and 2 emissions by 40% by 2030. We have chosen to report in this way to reflect a key element of our carbon reduction strategy which 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.

To gain additional assurance on our approach, we engaged an independent third-party climate change consultant to review our baseline data and our target modelling. This will provide assurance that the underlying data is accurate and demonstrate independent verification to our stakeholders.

A Climate Change Focus Group, made up of key stakeholders from our functions and operations, has been established to deliver our carbon reduction strategy. A move to purchase renewable electricity is a key focus of the team's near-term actions to deliver our scope 1 and 2 reduction target. Significant progress has been made this year with targeted action on the biggest consumers of energy within our global portfolio, including the establishment of a master agreement for procurement of renewable electricity for our Houston offices.

## Grid vs renewable electricity usage



The chart above shows our progress since 2019. We have made significant progress in 2021 with around 45% of the electricity we use now from certified renewable energy sources. We will strive to increase the purchase of renewables further throughout 2022.

Scope 3 emissions are often overlooked but are vital to understand the true impact of the organisation. In order to meet our net-zero goal, we must understand all of the emissions associated with our activities in order to take targeted action. Therefore, for the first time we are able to disclose our full emissions footprint, including scope 3, in this report. We have increased the transparency in our scope 3 disclosures in 2021 by enhancing the accounting of our emissions from fuel and energy related activities by now including the well-to-tank emissions of the fuel we consume. We will continue to work to enhance the quality of this data, reducing the level of estimation currently required.

There is potential for many of the elements of the carbon reduction strategy to result in incremental costs to the business, such as the move to procure renewables, however these are not seen to be significant. The actions undertaken so far have been relatively low cost, and in many cases are cost neutral.

## Building a sustainable business continued

### Carbon performance

Total global greenhouse gas (GHG) emissions for Wood for the period 01 October 2020 to 30 September 2021:

**75,629** tonnes of CO<sub>2</sub>e

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

#### Global GHG emissions and energy use data for period 1 October 2020 to 30 September 2021

Emissions from:	2020-21		2019-20		2018-19	
	Wood UK Emissions	Wood Global Emissions	Wood UK Emissions	Wood Global Emissions*	Wood UK Emissions	Wood Global Emissions
Activities for which the Company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO <sub>2</sub> e	3,745	46,667	3,789	57,619	10,174	78,084
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location-based) / tCO <sub>2</sub> e	16,904	45,266	18,124	53,839	28,106	101,503
Purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market-based) / tCO <sub>2</sub> e	3,927	28,962	16,480	51,424	22,105	95,501
Total gross Scope 1 & Scope 2 emissions (location-based) / tCO <sub>2</sub> e	20,649	91,933	21,913	111,458	38,280	179,587
Total gross Scope 1 & Scope 2 emissions (market-based) / tCO <sub>2</sub> e	7,672	75,629	20,269	109,043	32,279	173,585
Energy consumption used to calculate above emissions (MWh)	91,315	345,537	95,356	408,158	109,862	582,771
Company's chosen intensity ratio: tCO <sub>2</sub> e (gross Scope 1 & 2, location-based) / \$100,000 revenue	2.70	1.42	2.37	1.48	3.31	1.82
Company's chosen intensity ratio: tCO <sub>2</sub> e (gross Scope 1 & 2, market-based) / \$100,000 revenue	1.00	1.17	2.20	1.44	2.79	1.76
Total Scope 3 emissions / tCO <sub>2</sub> e	n/a	1,524,919	-	-	-	-

\*Restated

#### GHG Emissions Methodology

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.

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

Scope 3 emissions cannot currently be broken down to the UK level because a significant proportion of these emissions are estimated from second information which cannot be broken down by geography.

A market-based methodology is utilised to report progress against targets.

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. 2020 conversion factors have been utilised throughout the 2021 reporting period.

Our 2021 emissions have fallen by 31%. This is partly due to the actions undertaken in line with our carbon reduction strategy but also the impact of the Covid-19 pandemic. Six months of our 2020 data was affected by the restrictions put in place as a result of the pandemic. For 2021 the full year's dataset has been impacted.

This has resulted in a 56% reduction from our 2019 baseline towards our goal of a 40% reduction in scope 1 and 2 emissions by 2030. The reduction was achieved without the use of carbon offsets.

Our 2021 scope 1, 2 and 3 emissions have been externally verified by Carbon Intelligence in line with the requirements of ISO 14064-3.

Wood's carbon emissions inventory is based on actual data (with the exception of certain scope 3 categories where actual data is currently not available), this generates significant amounts of data points covering our global operations.

Following issues with our previous provider we re-platformed our data to a new carbon reporting system in early 2021, giving better granularity and functionality supporting a more in-depth verification and validation processes.

Our carbon data was also mapped over to the new organisational structure as part of the re-platforming process. During the internal validation of the carbon data and organisation, several anomalies were encountered. Following exhaustive investigations, we identified our previous provider had transcribed emissions factors into the system incorrectly generating a systematic error in two data sets. We have now corrected this in the system and subjected all data to a 3rd party verification process. This led to the identification of an overstatement in the carbon emissions reported for 2020. The 2020 data has now been verified and validated leading to the need to restate emissions for 2020 only.

Our new carbon management software, provided by Sphera, has given us a much improved ability to monitor and verify data and the verification of emissions factors used in our software provider's system is undertaken as part of both our internal and external verifications.

In addition, we have also enhanced our internal data assurance processes as well as taking steps to increase accountability across our operations. Each business unit now has a sustainability lead who is responsible for carbon reporting in their area of the business and who must sign off at the end of each reporting period that the emissions stated are an accurate reflection of those within their business.

In January 2022, the business announced its intention to undertake a sale process for the built environment business. The impact of any agreed sale will be assessed to ascertain if a re-baseline of GHG emissions has been triggered in line with GHG protocol.



### Making sustainable operations a possibility

It is fundamental that we embed sustainable practices into our operations if we are going to realise our carbon reduction targets. To do this we are focusing on challenging traditional methods and thinking of new, innovative ways of delivering for our clients. That is exactly what our commercial team supporting our duty holder operations at the Scottish Area Gas Excavation (SAGE) terminal have done. Located at St Fergus, north of Aberdeen, UK, the SAGE system is an integrated gas transportation and processing system with a nominal capacity of 1,150 cubic feet of gas per day. Gas processed at SAGE feeds into the UK's National Transmission System, providing a significant proportion of the UK's total gas supply.

Wood manages the day-to-day operation of SAGE which means we purchase the electricity to power the site. One of the initial steps to reduce the carbon intensity of SAGE was to review the electricity procurement strategy. As of the second quarter of 2021, the electricity used to power SAGE is now generated entirely by wind and hydro, which means we have radically reduced the carbon emissions associated with powering the site.

Historically, SAGE has been Wood's biggest emitter of scope 2 emissions globally and so changing the procurement strategy has a significant impact. To put this into context, the switch will reduce the scope 2 emissions of our Operations business by a huge 43%, whilst reducing Wood's global scope 1 and 2 emissions by 7%. In total we will save around 12,600 tonnes of carbon dioxide emissions annually.

## Energy efficiency

In 2021 our Real Estates Services team was restructured and a new role, Director Global Workplace and Sustainability, was created. A core objective of this role is a drive towards embedding sustainable practices throughout our global real estate portfolio which includes a primary focus on energy efficiency and GHG emissions reduction. In addition, the role has created a singular focal point for addressing energy and emission related actions and is now a key member of our Climate Change Focus Group, the team responsible for the delivery of our carbon reduction strategy.

An immediate priority was to ensure that our global property portfolio database is aligned with our carbon reporting software and to ensure that the energy usage being reported currently is an accurate reflection of our global operations.

The Real Estates Service Team continue to rationalise the Wood property portfolio, consolidating wherever possible to suit business requirements and provide efficiencies. For our remaining portfolio, energy audits are to be carried out to ensure our active office portfolio is as energy efficient as possible. Throughout 2021 energy audits were undertaken as a pilot study, on properties within the UK and presented to senior management with plans now underway to extend this globally.

Work has also been undertaken to improve governance with the creation of a new Global Workplace Design and Sustainability Standard and a separate document concentrating solely on Energy Management Standards. Inclusion of these documents on the Wood Business Management System will ensure that the business is fully advised on best practice and procedure regarding sustainability throughout the entire property lifecycle, from initial design to the occupied workplace. These documents will go live in early 2022.

The Climate Change Focus Group continue to work closely with their colleagues in Supply Chain on our shift to procure renewable electricity and additionally ensure that any new property acquisition is supplied with renewable electricity as standard with dedicated metering, where appropriate.



## Case Study – Wood and ReNew ELP partner on landmark hydrothermal plastic recycling facility

Wood has entered into a partnership with ReNew ELP to develop the world's first commercial-scale plastic recycling plant using an innovative advanced recycling process in the north east of England.

The plant will use HydroPRS™ (Hydrothermal Plastic Recycling Solution) to recycle end-of-life plastic waste into hydrocarbon feedstocks, for use in the manufacture of new plastic products and other materials; diverting plastic away from the natural environment, decoupling plastic manufacture from fossil resource, and reducing CO<sub>2</sub> emissions.

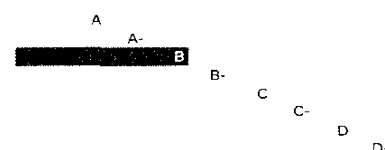
Wood will lead on the delivery of engineering, procurement, and construction (EPC) solutions for the new facility. Upon commissioning of the first phase, the plant will be capable of processing up to 20,000 tonnes of waste plastic each year, rising to 80,000 tonnes on site completion with an estimated annual saving of 120,000 tonnes of CO<sub>2</sub> emissions, when compared with incineration.

Richard Daley, Managing Director, ReNew ELP said: "We are delighted to announce our partnership with Wood which marks one of the most significant stages in this vitally important project. The plant will be the first of its kind in the world and marks a landmark event for the recycling industry and for the environment."

## Climate change risks and opportunities

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. CDP's disclosure platform provides the mechanism for reporting in line with the TCFD recommendations, Wood submits annually to CDP Climate Change and seeks to continually improve disclosure, particularly in our approach to climate scenario analysis and our emissions reduction efforts.

In 2021, we submitted our fourth submission to CDP Climate Change as Wood, building upon a long history of participation in the scheme, receiving a disclosure score of 'B' for the second consecutive year.



### Leadership (A/A-):

Implementing current best practices

### Management (B/B-):

Taking coordinated action on climate issues

### Awareness (C/C-):

Knowledge of impacts on, and of, climate issues

### Disclosure (D/D-):

Transparent about climate issues

Wood's process for identifying, assessing and responding to climate-related risks and opportunities is governed by our risk management process and framework, that feeds into our principal risks and uncertainties reviewed by the Board and our Executive Leadership Team. The Board has responsibility for identifying the nature and extent of the emerging and principal risks faced by the business, for 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. See page 68 'Managing our Risks' for more detail.

 An index of our disclosures against the TCFD recommendations is available on our website: [woodplc.com/tcfd](http://woodplc.com/tcfd)

As a result of the Board's oversight and assessment of the risks, climate change is currently reflected in two of Wood's principal risks:

- Strategic agility - relating to the scale of growth in energy transition, industrial decarbonisation and built environment and the ability of Wood's strategic plan to keep pace and deliver growth from these market trends
- ESG strategy and performance - relates to our ESG strategy and performance, including in relation to climate change impacting our attractiveness as an investment proposition for our employees, investors, lenders, communities, and other stakeholders

On an ongoing basis, emerging climate change risks are identified through regular business risk register reviews. Where there is noteworthy change these are communicated to leadership through monthly leadership reporting and discussed with SSABE as appropriate. For further details on how we categorise, define and mitigate risks refer to page 68, 'Managing our Risks'.

In 2021 Wood appointed a President of Sustainability, this new role acknowledges the ever-growing importance of Wood's response to ESG and climate change. The President brings improved co-ordination and transparency of Wood's climate change and ESG risks and in 2021 was responsible for the establishment of an ESG risk management framework which includes a climate change risk register, developed with input from multiple stakeholder groups' risk management frameworks.

We recognise the risks associated with climate change to our business, however we also see significant opportunities from our strategy that is aligned to delivering solutions for a net-zero future.

In 2019, as part of our strategic planning process, we undertook qualitative scenario planning exploring the pace and depth of the low-carbon energy transition required to meeting Paris Agreement targets.

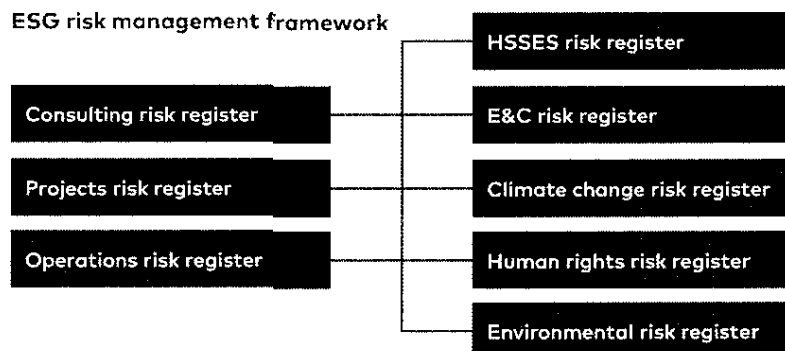
During 2021 we continued to assess the risks associated with climate change to our business and review our actions to mitigate them. Moreover, we continued to see significant opportunities from our strategy, and we used external and internal climate change and path to net-zero scenarios (ranging from 1.5 to 4°C) to support a quantitative assessment of our medium-term outlook.

As results of these assessments, we have identified a comprehensive list of risks and opportunities in our climate change risk register and the top five risks and opportunities related to climate change are shown in the table below. In addition, they are informing our actions as we continue to execute our business plans and refine our strategy. Specifically, these are:

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

## Wood principal risks

### ESG risk management framework



Risks	Opportunities
<ul style="list-style-type: none"> <li>• Undertaking high carbon projects that are inconsistent with Wood's positioning of pivoting to support clients in their pursuit of net-zero and decarbonisation, giving rise to a risk of a loss of investor confidence and exposing Wood to disinvestment in the fossil fuel industry</li> <li>• Energy transition and industrial decarbonisation markets do not generate sufficient revenues required to meet targets and/or Wood's ability to attract or retain the appropriately skilled workforce results in an inability to compete for energy transition and industrial decarbonisation work effectively</li> <li>• Failure to meet carbon targets through lack of engagement, investment and/or accountability, resulting in Wood being unable to effect behavioural change and giving rise to risks of environmental harm and loss of stakeholder confidence</li> </ul>	<ul style="list-style-type: none"> <li>• Increased client scope for decarbonisation services. The current global aim of attaining a maximum of 1.5°C of warming requires investment in energy transition and efficiency and this provides Wood with opportunities to deliver growth in these areas and diversify our client portfolio. Recognising the scale of opportunities for Wood from positive trends and its leading positions in energy transition and industrial decarbonisation, the strategic review of the built environment business in November 2021 also focused on assessing how best to allocate capital and resources to take advantage of these opportunities</li> <li>• Access to competitive lending rates. The increasing adoption of the <i>Principles of Responsible Investment</i> and incorporation of climate change considerations into capital allocation decisions provides an opportunity for Wood to continue to access the most competitive lending rates as a result of its strategy aligned to delivering solutions for a net-zero future and appropriate management of our own ESG risks. Our recently agreed \$600m term loan backed by UK Export Finance and \$1.2bn revolving credit facility are clear examples of this. In addition to financial covenants, both facilities have KPIs linked to growing energy transition revenues and reductions in carbon emissions</li> </ul>

## People

The environment we operate in is dynamic and so much around us is evolving including the energy landscape, societal expectations, and the speed of digitalisation.

We are a people business, and our people will always be our differentiator, they are at the heart of all we do and all we aspire to achieve. Our strategic priorities will only be realised if Wood has the right people, in the right place, at the right time and at the right cost. We need people with the appropriate skills and behaviours aligned to our culture; people who are adaptable, have learning agility and are engaged with a customer and community focus. It is our people who are the key to Wood's success and our people strategy is centred around four key themes:

Attract

Develop

Engage

Retain and sustain



### Attract

Wood is a leader in an ever changing business environment, focused on the attraction of future skills required to lead in energy transition for years to come. Using digital innovation, market intelligence, and data driven analytics to discover and attract inclusive and diverse talent communities, Wood can fulfil our clients' requirements for today and the future. We are committed to providing an engaging candidate and employee experience which promotes an internal culture of enhanced employee performance and retention, leadership development, and long-term partnership with our clients. Our focus on internal redeployment provides consistency and skills predictability for our projects and our people, and our focus on hiring locally wherever possible ensures we promote localisation in the communities we serve.

As an inclusive and equal opportunities employer, Wood promotes an environment that is free from all forms of unlawful or unfair discrimination. We value diversity of thought and as such value the wealth of diversity of all people across the globe. We seek to treat all people fairly and with dignity and respect and consider applications for employment from all levels of ability and all areas of society.

Ensuring fair, competitive, and transparent reward is key to supporting attraction and retention, aligning our employees' needs with our business objectives. Reward frameworks align to business strategy, ensure our values are maintained, and a balance is achieved between the short and long-term; activities include:

- Global job and grading framework underpinned by a formal job evaluation methodology, ensuring fair application of reward for jobs of equal value
- Competitive base salaries, with salary structures mapped to local market data and our job frameworks

- Leadership incentive plans designed to deliver exceptional results short and long-term, balancing out annual objectives with the requirement to align to and deliver the longer-term Wood strategy, with the right behaviours
- Employee spot bonus plans to recognise achievements over and above core responsibilities
- Global employee share plan already offered in 17 countries, with Brunei and Kuwait being added in 2022. In addition, in 2021 we launched the Share Incentive Plan in the UK. 10% of our global eligible population enrolled in the plan during the year, up from 8% in 2020. For more information see [woodplc.com/employeesshareplan](https://www.woodplc.com/employeesshareplan)
- Insured benefits and retirement plans continuously reviewed to ensure they are fair, inclusive, relevant, sustainable, and offer great value and protection for our people



## Develop

Developing our people to be able to do their job today and in the future is critical to our success. In response to the ongoing challenges of the pandemic, we have fast-tracked our journey of virtual training for employees, by significantly increasing the content available on eLearning platforms, accessible in multiple languages. We have been able to demonstrate our commitment to enhancing skills, and responding to feedback from our teams in the employee engagement survey, in numerous ways during the year, including:

- Over 8,000 colleagues participated in personal development webinars, with the most popular topics being individual resilience for effective performance and leading through uncertainty and change
- We have three tiers of leadership development:
  - In 2021 we successfully launched our 'Stepping into Leadership Programme', which focuses on leadership skills and is aimed at those employees who have recently moved or are about to move into their first leadership role. To date approximately 200 colleagues have participated, with another 700 plus scheduled to do so in 2022 and beyond
  - 'Leadership Excellence Programme' supports those at the next tier in our leadership structure, identified as high potential, and includes strategic thinking, change agility, digital leadership, and how to become an inspirational leader. To date 150 colleagues have completed or are attending the programme, with another 100 registered to attend in 2022 and beyond
  - 'Leading Beyond' launched in Q4 to 15 senior leaders, and supports them to inspire others, be inclusive and engaging, unlock growth enablers, transform culture, and accelerate operational excellence in everything we do. A further 180 leaders are planned to attend in 2022



- One of our key enterprise objectives in 2021 was to demonstrate leadership in inspiring 100% of our colleagues to be inclusive every day, leading to sustainable, cultural change. During the year we carried out conscious inclusion awareness training for over 36,000 people across Wood, using a variety of mediums, translated into several languages. This has been positively received and has provided the catalyst for our colleagues to engage in rewarding conversations that further our understanding of different lived experiences. This enhances workforce dynamics making Wood a better place to work, and in turn enables people to give of their best in terms of diversity of thought for developing engineering, project, and business solutions
- Project Management Academy (PMA) has been launched and globally deployed to all project managers (PM) and project controllers (PC). One or more courses have been offered each month via live or eLearning platforms with an average of more than 400 colleagues participating in each course. Courses covering PM fundamentals, delivery excellence, start-up practices, risk management, governance & assurance, quality management, and leadership in technical safety are just a few of the topics delivered this year. As part of the Academy, we have also rolled out competence frameworks and assessment tools to all participants
- Mentoring app – to support our learning and growth culture, and build greater collaboration, our people development and digital & technology teams collaborated to develop a global "MentorConnect" app. The app enables widespread access to mentoring for our employees and works by providing mentees with a list of suggested mentors based on their profiles. Mentees can then review the profiles of the suggested mentors and send a request for mentoring directly through the app. We now have 435 mentors and 438 mentees who have created a profile and completed the training, and 155 mentoring matches registered in the app. Ongoing engagement campaigns continue to increase usage. We aim to offer this to our trade and craft population, who work in the field, via the use of our new ConnectedWorker app. In a year when most of us have continued to work remotely, this additional source of connection has been invaluable
- Launch of early careers hub – as early career professionals take the first steps on their career journey with Wood, there is so much to learn and absorb. The hub brings together all the information this community needs to navigate the business and the first steps of their career with Wood, with links to the Company induction, mentoring programmes, learning tools, our developing professional's network, career support and a wealth of stories from colleagues at all levels of the business

## Engage

In response to feedback from the 2020 employee engagement survey, we launched our engagement framework, designed to ensure our employees have a consistent experience in their connections with Wood leaders. This *minimum engagement standard* ensures we are continuously connecting with our people and listening to the heart of our business. Business units are able to adjust the framework to suit specific requirements and we have also created a reward engagement framework, which is detailed on page 116.

In our global employee engagement survey in October 2021, we asked our people to *speak up and share what works well and where we can improve the employee experience*. Over 50% of our people from across our sites and offices took the opportunity to make their voices heard – nearly 18,000 employees, representing 37 countries (up from 13,000 employees in June 2020). A summary of results was shared with the Board in November, with more detailed information to follow in 2022, to enable them to continue to measure and monitor the effectiveness of our culture; challenge management on where improvements need to be made; and to formulate topics for discussion and deeper feedback with the wider workforce via our Listening Group Networks (LGN). Our employee net promoter score has improved significantly since our first engagement survey in Q3 2018, with the top scoring areas being:

- My manager provides me with the support I need to complete my work and communicates openly and honestly with me
- People of all backgrounds have the same opportunities at Wood
- Wellbeing support from line managers – for work and personal matters

We added questions relating to diversity, equity, and inclusion for the first time in 2021 and were pleased to see positive feedback relating to our commitment to improving diversity and creating a place where everyone feels like they belong. It was also gratifying to see positive improvement on wellbeing and associated management support, as we have made great improvement in our approach to wellbeing, particularly in the resources and support we provide to our teams. Our people appreciate the "open-door" policy that their managers offer, and the implementation of our *flexible hybrid working policy*, as a result of previous employee feedback, which supports greater work-life balance – this has been of particular benefit as the impact of Covid-19 continued to be experienced around the world. We seek continuous opportunities to connect and collaborate with one another, face-to-face, where safe to do so, and via online tools. When Covid-19 restrictions allow, we look forward to welcoming all our employees back into the workplace on a hybrid working arrangement (part home, part office) and gaining the full benefits to be derived from such multi-location working.

We shared the global employee survey results across the business in December 2021, with initial focus groups taking place across Wood; business unit, business grouping and functional focus groups are scheduled for 2022. These focus groups provide us with the opportunity to hear more detail from our people on the emerging themes and enable the formation of detailed action plans to build on our successes and focus on those areas requiring improvement. The Remuneration Committee members will participate in specific reward focus groups and provide summary updates back to the Board.

Our employee networks continue to strengthen and grow, providing a platform for our employees to connect, learn, share views, tell us what we're doing well and recommend improvements to make Wood an even better place to work. Each network is open and inclusive to everyone. They have clear terms of reference, are sponsored by a senior leader, and have an action plan for the year, which is aligned to our culture and inclusion ambitions. We added a neurodiversity group during the year to raise awareness and provide support mechanisms for colleagues who are neurodivergent or are supporting family members who are

Key accomplishments across our networks in 2021 included:

- The relaunch of our gender equality network, with a new name, "Equal Footing", and Mike Collins, Executive President - Projects, joining Nina Schofield, Executive President - HSSES as sponsor. The network expanded its geographical footprint across Australia, India, Singapore, Norway, Canada, Brazil, and Trinidad & Tobago, whilst continuing to grow in the US and UK. The community created support groups in the areas of perimenopause and menopause; transgender and non-binary inclusion, and working parents
- Wood's Race and Ethnicity Network (WREN) has been the fastest growing network and is now proud to have more than 650 colleagues participating, sponsored by Joe Sczurko Executive President - Environment and Infrastructure Consulting, supported by several other senior leaders. WREN seeks to build awareness of the lived experience of Black, Indigenous, and people of colour (BIPOC), speak up against racism and discrimination, and create a safe space to connect, learn, and advance ethnic diversity and inclusion. During the year WREN established a reverse mentoring programme, with mentors being more junior team members, providing mentoring to senior colleagues. This provides the opportunity for colleagues to share their inclusivity and diversity experiences and identify ways we can continue to enhance the sense of belonging for everyone in Wood. The pilot programme matched 28 pairs and will be expanded in 2022. Feedback from participants has been overwhelmingly positive with personal growth and understanding of different cultures highlighted as a key benefit. The network also developed a "Let's Talk about Race" campaign which gained the attention of external organisations such as Scottish Enterprise, contributing to WREN being selected as a finalist for ALLY Energy's "Trailblazing Energy Superhero" award
- The We Care Network, supports employees who are either currently working and balancing caring responsibilities, have done so in the past, or want to be prepared should they need to do so in the future. During the year they hosted workshops focused on the impact of Covid-19 on carers, the support they need to effectively navigate the pandemic, and key resources for fostering a carer-friendly workplace

Our Listening Group Network (LGN) continues to enable our people to request leadership updates on topics of their choice and have their voices heard by members of the Board and Executive Leadership Team (ELT), with subsequent actions identified and implemented as a result of the feedback. We held six meetings during the course of 2021, details of which are summarised in the table below; these are a fantastic opportunity for members of the Board to gain greater insight into the prevailing culture across Wood and consider any improvement actions.

Other engagement activities carried out during the year included:

- Regular communications and vlogs from the Chief Executive and other members of the Executive Leadership Team to all employees
- Surveying employees on insured benefits, leading to the introduction of more sustainable products such as electric vehicle purchase plans
- Retirement plan engagement, leading to enhanced communication toolkits and access to alternative draw-down options

- Quarterly leadership updates in finance, HSSE, strategy, P&O, and operations excellence to the top 280 leaders in the business, providing insights into and the opportunity to ask questions on the company performance

#### Listening Group Network agenda 2021

Month	Host(s)	Discussion topics	Example of outcomes
January	Robin Watson – Chief Executive	Strategic focus for 2021, including the Future Fit programme, and engagement results from an employee survey in December 2020	<ul style="list-style-type: none"> <li>• Pay equity project to review salaries for engineering disciplines against salary bands</li> <li>• Enhancement of the Learning &amp; Development function</li> </ul>
March	Dave Stewart – Chief Operating Officer	Operational Excellence and culture progress	<ul style="list-style-type: none"> <li>• Roll out of Wood's conscious inclusion training to all employees. By the end of the year this training was provided to more than 36,000 employees</li> <li>• Launch of our new model for Operational Excellence</li> </ul>
May	Nigel Mills and Birgitte Brinch Madsen, non-executive directors; Andrew Stewart, Executive President – Strategy & Development, and Niala Suhoifield, executive President – HSSE	Future Fit programme and sustainability	<ul style="list-style-type: none"> <li>• Wood's fourth annual sustainability week celebrations in September</li> <li>• Launch of our third annual Global Cause Challenge asking our employees to tell us what education means in their community and providing them with the opportunity to gain seed funding for an educational activity in their location</li> <li>• Development of a training module in our sustainability training academy</li> </ul>
July	Lesley Birse, Executive President – P&O; and John Habgood, Vice President – Investigations & Compliance	Ethics & Compliance team assurance; importance of our shared commitment to our Code of Conduct; and focus on future skills	<ul style="list-style-type: none"> <li>• Enhancement of our Early Careers Hub which provides information and links to mentoring programmes, learning tools, Developing Professionals Network, career support and a wealth of stories from colleagues at all levels of the business</li> <li>• Existing skills analysis carried out and Future Skills matrices created in digital, technical, leadership &amp; cultural</li> <li>• Development and launch of new leadership programme</li> </ul>
September	Mike Collins, Executive President – Projects	Growth plans, including end markets and the solutions we have enabled for our clients through collaboration	<ul style="list-style-type: none"> <li>• Key wins in Pulp &amp; Paper; US Government; Hydrogen and CCUS; Renewables EPC</li> </ul>
November	Jacqui Ferguson and Brenda Reichelderfer, non-executive directors; Stephanie Cox, Executive President – Operations; and Claire Yule, President – Reward & Mobility	Update on the Future Fit programme, including key successes; and an update on reward practices, including those for the Executive Leadership Team	<ul style="list-style-type: none"> <li>• Future Fit Survey and workshops with more than 200 employees</li> <li>• Shared Service centres live in F&amp;A, HSSE&amp;S, P&amp;O and Proposals</li> <li>• 80% plus roles mapped to job framework with salary bands live in over 16 countries; leaders undergoing pay equity training and engagement; reward engagement via networks and Yammer</li> </ul>

## Retain and sustain

Caring for our people continues to be our number one priority. During 2021, in light of the ongoing impacts of Covid-19, we have seen a continuation of working from home for the majority of our office-based colleagues, with a gradual return to the office for some where it has been safe to do so, in line with local guidelines. The implementation of our Flexible Working Policy has further enhanced our ability to offer our people the opportunity to adopt a hybrid-working pattern, enabling a better work life balance. This has been widely welcomed and strengthens our ability to attract and retain a highly skilled team. For our on-site staff we have implemented enhanced safety measures, supported by greater use of technology to reduce physical contact wherever possible. These "new ways of working" are evolving, and we continue to strengthen our ways to connect with one another to maintain the sense of belonging and team Wood.

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 them and those closest to them. Our Employee Assistance Programme (EAP), continues to play a significant role in our commitment to the wellbeing of our people. The services are provided through two vendors, one for the UK and one for the rest of the world. The EAP underpins many of our wellbeing activities and provides our employees, and their families with 24/7 support, 365 days of the year, and access to practical information and counselling on a variety of topics including improving relationships, managing stress, career success, parenting, managing workplace pressure, improving esteem and confidence, and maintaining physical health.

Our wellbeing sharepoint site, Living Well at Wood, continues to grow in popularity, supported by our wellbeing community of practice and over 370 wellbeing champions distributed across all locations in Wood. In response to feedback from our employee engagement surveys, at the beginning of December we launched our Mental Wellness strategy, a six-point approach to mental health management, promoting our role as individuals, leaders, and managers, supporting sustained and resilient mental wellness for us all. It is aligned with six strategic themes: leadership, positive culture, prevention, early intervention, support, and mental health crisis management, and will be implemented over the next three years. We remain committed to applying the best available mental health approaches to benefit our Wood community, and we now have the framework needed to provide a business-wide, effective, efficient, and sustainable approach.

Wood is committed to transparent, internally fair, and externally competitive reward. Our reward roadmap launched in 2020 and referred to in last year's annual report, sets out the steps towards greater transparency and includes global pay equity reporting which was implemented in 2021. Pay equity reports are directly available to line managers, incorporated in our annual salary review process, and will continue to be rolled out as part of our people system implementation on a country-by-country basis. The reports enable line managers to review the pay of their people against salary bands which are specific to the function and country of work; ensure no bias in the application of our pay practices; and to be able to engage in open, honest dialogue with their people about why they are paid what they are. Other initiatives implemented this year include:

- Our accreditation as a Real Living Wage employer in November 2021, supporting Aberdeen, UK, as an ambassador in its ambition to become a Real Living Wage city. A part of the accreditation process is to ensure all contracted workers (third party employees of service providers e.g. security officers, canteen staff, and cleaners), are also paid the Real Living Wage. To do this we have ensured that new suppliers will comply through amendments to our supply chain code of conduct which states, "Wood is a Real Living Wage employer accredited by the Living Wage Foundation. Supply chain partners in the United Kingdom must not pay less than the Real Living Wage to all their employees and contractors when working for Wood"
- The completion of a pay equity review, as part of our Future Fit programme. The review analysed salaries of over 3,500 employees in engineering, engineering design, and project management, in our Projects and Operations business units across six countries. This involved mapping individuals to our defined technical job frameworks and analysing individual salaries to our benchmarked salary bands in each country. The outcome and recommendations were approved by the Future Fit Steering Committee in June, with regular updates and engagement provided to employees via the Wood news channel, Yammer and email. Our analysis found that the global average compo ratio (salary to median of the salary range) was 101%, with no gender bias, aligned to our reward strategy – this outcome clearly demonstrates strong alignment with our pay philosophy to pay at median levels

Key benefits derived from this workstream included:

- Improved education and awareness of our reward practices, and enhanced embedding of structure, governance, and assurance, ensuring fair pay for all our people
- Enhanced collaboration and conversations with line managers on pay equity and fair, unbiased practices
- Assurance that our reward philosophy and practices are working and will be enhanced by further rollout of Oracle People
- Engaging with our employee networks on reward equity, providing transparency around the internal and external factors affecting pay and enabling live feedback via interactive polls
- The 2021 UK gender pay gap, covering 5 entities and 5,587 employees shows that the overall Wood pay gap reduced to 26.1% from 27.7%, whilst the bonus gap increased from 4.6% to 38.2%. During the same time female representation has decreased across our UK business from 25% to 23%. Although female representation is in line with 2019 percentages, we believe the reduction in female representation from 2020 is due to the impact of the pandemic and several TUPE transfers in for offshore contracts with all-male teams. The pay and bonus gap numbers excluded furloughed employees in line with the reporting rules. Had furloughed employees (more of whom were lower paid males) been included, the pay gap would have been 25.2%. The increase in the bonus gap is driven by the fact that there was no bonus paid to managerial and leadership levels in 2021, for the 2020 performance year, of which females make up a higher percentage. Bonus payments made were predominantly to offshore and site employees, who were all male, and are driven by our clients and collective agreements. For the limited number of our onshore, office-based employee population paid a bonus, 7.5% were female and 7.5% were male, demonstrating no bias. We continue to focus on pay equity – fairness of pay for those carrying out the same job, in the same location, with the same skills and experience, regardless of diversity. We have made significant progress during 2021 on our commitment to fair pay for all our people, (as highlighted in the remuneration section on page 116). 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

We continue to celebrate success. We are particularly proud of our Inspire awards which recognise outstanding employee contribution across our business. For our third awards in 2021, over 990 nominations were received from 32 countries. Judging panels, comprised of a diverse group of 30 judges from 5 regions selected winners from Australia, Canada, Papua New Guinea, UK, and USA in categories of: Championing Sustainability; Driving Inclusion & Diversity; Exceptional Customer Service; Excellent Financial Performance; Impactful Innovation; Inspiring Teamwork; Marvelous Mentor; Outstanding Ethical Conduct; and Safety Shield. Commendation certificates were sent to over 4,600 individual nominees and team members.

Our overall People's Choice Winners, voted for by our global employees, were Angus Armstrong and Brian Tiu, two graduates from our vibration dynamics and noise team in Brisbane and our Safety Shield category winners. On a site visit they found a hydrocarbon gas leak. Although the initial reading showed a level of gas that could not be ignited, it suggested that there would be a much higher gas fraction closer to the source of the leak. At this point, Angus and Brian demonstrated care by stopping work and reporting the leak to the client operator, asking them to investigate further. The source of the leak was identified, and a second separate gas leak location found. The operator then shut down the unit and immediately rectified the leaks. By following safe process and challenging the client to carry out a full investigation, due to the level of risk, Angus and Brian raised The Shield. The judges of the award commented "this intervention by two junior members of the Wood family was outstanding and is exactly the type of behaviours we want to see across the organisation. The actions of Angus and Brian reinforce the Wood values and set a great example for other members of the team and the wider global organisation. The clear application of two key elements of The Shield (engage and intervene) by Angus and Brian potentially prevented a significant safety incident and underscored the importance of living the Wood values every day."

Our Safety Shield awards recognise those who go above and beyond for HSES, with quarterly winners in 3 categories, Prepare, Engage, and Intervene. The purpose of the awards is to:

- Showcase exemplary behaviours and encourage the right behaviours
- Increase visibility of best practice, enabling others to review and implement
- Reward personnel at a global level, demonstrating the use of 'Intervene' positively
- Highlight the positive HSES culture and create a sense of community
- Promote The Shield to encourage global use across the business

Our ambition is to create the best working environment and establish a culture where employees are highly engaged and feel supported by the Company and their line manager. Our focus on inclusion & diversity (I&D), is fundamental to our efforts in creating a great working environment and culture. Our approach is further supported by driving personal ownership and a focus on educating ourselves and each other, empathising with our colleagues and engaging in activities and conversations relating to I&D. 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 to truly achieving this. This is a shared responsibility of all of us which will take positive intention and conscious action to achieve and sustain.

The Board continues to maintain a quarterly focus on I&D matters, particularly with regards to the impact I&D has on Wood's culture, and to ensure diverse talent is identified for succession and appointed into positions of leadership. As outlined above a key success in 2021 was the training provided to over 36,000 employees, including Board members, on conscious inclusion, in support of one of our nine sustainability goals – to educate and inspire 100% of our colleagues to be inclusive everyday by the end of 2021. The training encouraged people to listen to one another and share experiences to help build understanding from all perspectives.

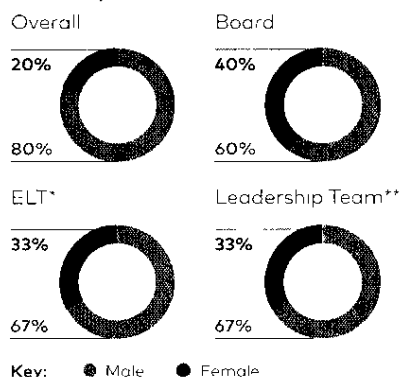
We provide platforms that are inclusive of all and celebrate the diversity we bring together, our networks are a place for our employees to connect, learn, share views, tell us what we're doing well and recommend improvements to make Wood an even better place to work. In 2021, we launched Myriad, (My role in inclusion and diversity) – this is about constantly educating ourselves and each other to empathise and be truly engaged in the conversations and with our actions, including:

- Driving our I&D activities with leadership champions and having allies at all levels of Wood championing those in underrepresented groups
- Fostering a work environment and culture where inclusion is delivered structurally and behaviourally, through policies, training, and communication plans
- Attracting and retaining key talent from the full spectrum of the global talent pool, unlocking diverse talent and matching people to best opportunities for their growth within Wood, aligned to representation targets
- Empowering our employee network structure which facilitates employee voice and feedback loop, and continuously evolve our approach based on internal and external inputs

- Monitoring and measuring progress using effective and reliable methods, including key demographic data, setting targets to improve representation in key areas and engagement outcomes

We continue to monitor the gender balance of our leadership and management teams quarterly and, as detailed last year, have a desire to be able to provide aggregated ethnicity reporting; this has proven complicated from a legal point of view, but we hope to be able to ask our people to submit their data on a voluntary basis from Q2 2022 in several countries. As previously disclosed, 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; at 31 December 2021, we had 33% female leaders, up from 31% in 2020. The FTSE Women Leaders Review report, measuring female leadership representation in the FTSE 350 for Board, ELT, and direct reports, published in February 2022, showed that Wood has improved to 100th position from 118th position, with 40% of our Board and 24% of our combined executive committee and direct reports represented by women.

#### Gender split at 31 December 2021



\*Inclusive of the executive directors

\*\*Inclusive of three levels of leadership below ELT

Our Sustainability Report highlights the protection and enhancement of human rights as fundamental to a sustainable business. We are committed to stamping out all forms of modern slavery and human trafficking in our business and across our supply chain and upholding the Universal Declaration of Human Rights (UDHR); see more information: [woodplc.com/modernslavery](https://www.woodplc.com/modernslavery)

Wood remains committed to working fairly, transparently, and ethically through the trusted partnership of "Building Responsibly", demonstrated in our business wide sustainability targets to ensure 100% of our labour suppliers sign up to and comply with our Building Responsibly Principles by 2025; and 100% of our suppliers embed Building Responsibly Principles in their supply chains by 2030.

## Community

We recognise the importance of building strong and lasting relationships with our stakeholders and this is achieved through social interaction; so the way Wood shows up in communities where we live and work matters, after all, we are all part of a community.

Working with our communities we can create sustainable value supporting the people and places in our shared communities. By developing mutually beneficial relationships we have the power to improve lives and reduce our impact on the planet all of which contribute to global sustainable development.

We strive to be a trusted community partner in all that we do and recognise our responsibility to contribute to the local economy and social fabric of the communities that we live and work in. Our commitment to understand, engage and evolve as a community partner truly demonstrates our values and culture at Wood.

### Our approach

Through supporting and encouraging actions of our employees, we aim to ensure Wood's contribution goes far beyond financial support and we seek to lift up the communities around us, using our energy, expertise and passion to improve lives.

### As a community partner we commit to:

#### Understand >

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

#### Engage >

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

#### Evolve >

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

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. 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

#### 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.

The 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.

In 2021, as part of Wood's evolving sustainability strategy we announced a long-term target for community investment to drive engagement across the business in support of our Global Cause. We have committed to giving our time, resources and funding to contribute \$10 million to our Global Cause in the period from January 2020 to December 2030.

## \$10 million

to our Global Cause by 2030

We believe that establishing a target focused on our Global Cause; currently SDG 4 and quality education, unites Wood to demonstrate our collective impact. It also provides the opportunity to collaborate with a wide range of stakeholders such as community groups, suppliers and partners, to deliver value beyond our monetary target.

In addition to launching our community investment target, we undertook a number of actions during 2021 in support of the wider sustainability strategy with a focus on developing procedures and tools needed to reach our goal and improve reporting. These actions included:

- The launch of a revised group wide sustainability action tracker which is specifically designed to capture donations of time, resources and money
- The creation of business unit strategic plans to support the delivery of our goal and complement the group strategy
- Updating our community investment governance to better guide our employees and business in contributing to our goal, including community budget management and funding request processes



Read more about our community investment programme on pages 64-67 of our Sustainability Report 2020  
[woodpic.com/company/sustainability](http://woodpic.com/company/sustainability)

## Our contribution in 2021

Across the three pillars of our community investment strategy, in 2021 our employee and business charitable contributions totalled \$1,380,137, including a of \$738,992 towards our Global Cause goal.

Aligned to our approach in reaching our Global Cause goal of \$10 million by 2030, our improved data collection process now includes direct monetary donations, the value of resources donated and the monetised value of volunteering time

## Employee matched funding

We are proud of the efforts and lengths our people go to in support of their local communities and charitable organisations close to their hearts. We believe these actions should be recognised and celebrated and our employee matched funding programme enables us to do this.

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. In recognition of the importance of supporting individual employee efforts, our annual community budget primarily supports the employee matched funding programme to ensure we reach as many of our employees as possible

We continued to see a reduced number of matched funding applications during 2021 due to social distancing measures and event delays caused by the Covid-19 pandemic. In response, our community investment committee increased matching limits to directly match a greater proportion of applications and incentivise engagement.

# 84

matched funding applications

# \$302,771

raised through the funding programme, including **\$136,262** contributed by Wood and **\$10,270** towards our Global Cause

# 85

charitable organisations supported

# 9,761

hours volunteered by our employees

# \$179,850

additional community support donations



## Kiltwalk challenge

Truly leading by example, our Chief Executive Robin Watson took advantage of Wood's employee matched funding to step forward for a walk to raise funds to support a charity which develops opportunities for socially disadvantaged people across Scotland.

Robin and his teenage son took part in the Kiltwalk, an annual event where participants can choose from one of three walking distances to raise funds for their chosen Scottish charity. Robin and his son chose Street Soccer Scotland, a charity providing football inspired training and personal development as a medium to empower people who are affected by social exclusion.

Their efforts raised over £2,000 including funds matched by Wood. In addition, Kiltwalk's partners, the Hunter Foundation, donated a further 50% of the total raised.

## Building strong communities in Australia

Going from strength to strength, Wood's Annual Cycle Challenge took place in Melbourne, Perth and Brisbane, Australia in late March to help raise funds for the charitable organisation Red Dust. Now in its 9th year, the Wood Cycle Challenge has grown bigger and better, with more routes, more riders and more fun. In 2021, for the first time the team introduced virtual ride options for those not in a capital city. In 2021, the team raised A\$6,600 including funds matched by Wood.

Red Dust delivers innovative health promotion programmes in partnership with remote communities that encourage Indigenous youth to learn more about health and inspire them to live a healthy lifestyle. The organisation provides annual one-week volunteer placement opportunities for Wood employees in Indigenous communities in the Northern Territory. Wood's work with Red Dust supports our global efforts to work in partnership with Indigenous Peoples to enable a more inclusive and equal society.

We also support Red Dust's Strong Young Women's Programme which delivers gender-specific health messages to young women in Alice Springs and remote Australian communities. Members of Wood's gender equality network, Equal Footing, and Wood's Race and Ethnicity Network (WREN) joined forces to raise a total of A\$4,228 including funds matched by Wood.

## Global Cause

Wood's Global Cause unites our business behind a single cause in support of the UN Sustainable Development Goals and enables us to demonstrate the power of collective action. At the same time, supporting a cause as opposed to a singular charity provides the flexibility to deliver local action in the context of the people and places we impact.

In 2018, our people chose SDG 4 and quality education as our Global Cause and this has remained consistent up to and throughout 2021. Wood's focus on education as our Global Cause will be subject to periodic review and validation by our employees over time. Aligning our target of \$10 million by 2030 to our Global Cause rather than a specific SDG allows the flexibility for our area of focus to change over time to reflect the cause most relevant to our employees and our sustainability strategy.

### 2021 Global Cause Challenge

To drive funding of activities in support of our Global Cause we run an annual 'Global Cause Challenge' through which our local teams can apply for assistance from our community fund for projects related to our Global Cause. We expect to contribute a minimum of \$1 million towards our collective goal through our Global Cause Challenge. In 2021, the challenge resulted in the approval of 26 applications across 9 countries and donations totalling \$293,613.

**26**

applications supported through our 2020 annual challenge

**\$293,613**

seed funding awarded

**9**

countries



### Progress towards our 2030 goal

Since the start of the target period, donations of time, money and resource from Wood and our employee efforts, including donations from our community fund have contributed \$1,033,736 towards our Global Cause and 10% of our 2030 goal, with \$738,992 of that total donated in 2021.

**\$293,613**

applications supported through our 2021 annual Global Cause Challenge

**\$10,270**

education funding provided by Wood's employee matched funding programme

**\$183,503**

direct funding reported by employees through our group wide sustainability action tracker

**\$251,606**

volunteer time reported by employees through our group wide sustainability action tracker and a Wood hourly rate applied\*

The introduction of a revised group wide action tracker has allowed our employees to begin reporting volunteering donations, resource and time during 2021. Volunteer time is assigned a monetary value using a Wood employee volunteer rate aligned to the total employee remuneration published in our Annual Report. In 2022, we will continue to embed improvements to our reporting process, including a focus on more granular reporting across our business structure. Furthermore, in 2022 we plan to create tailored business unit strategies with the aim of embedding sustainable action and accountability across the business. As a result of these actions we expect to generate further momentum towards our target going forward.



### Partnering on indigenous peoples education in Canada

Education supports meaningful, long-term, multi-generational change and is integral to Canada's reconciliation journey with Indigenous Peoples. Indigenous Peoples face many barriers to post-secondary education such as having to relocate, lack of guidance and culturally appropriate curricula, inadequate funding, as well as the ongoing impact of intergenerational trauma. As a result, the higher education gap between Indigenous Peoples and non-Indigenous Peoples in Canada remains significant.

Advancing Wood's Canadian Indigenous Inclusion Framework, our continued support for the charitable organisation Indspire seeks to address the education gap and invest in education for Indigenous Peoples. As an Indigenous national charity, Indspire invests in the education of First Nations, Inuit and Métis people for the long-term benefit of these individuals, their families and communities, and Canada. In 2020-2021, Indspire provided over \$20 million to 6,245 Indigenous students across Canada.

Wood has supported Indspire for three years and we aim to further this support in the future through the creation of the three-year bursary programme which will be accessible to Indigenous Peoples pursuing post-secondary education.

Through the #powerofpartnership we invest in and connect with Indigenous People so they can achieve their highest potential.

\*Average volunteer rate is based on the total remuneration to all employees as stated in Wood's Annual Report 2020, divided by total employees, average working days in the year and 8-hour day



## Supporting education and mental health in Iraq

Mental health in the Arab world is largely considered a taboo topic, although, the decades of violence, war, instability and poverty that Iraqis have endured breeds the ideal foundation for a mental health crisis.

Wood's ongoing support for the Basra Empowerment Project and the non-profit organisation The Canadian Aid and Development Association (CADA) seeks to empower orphans and underprivileged children impacted by war, the opportunity to attend school and gain valuable mental health support.

CADA's mission is to support and empower Iraqi orphans whose lives have been disrupted by the ongoing conflicts within the region. In 2021 for the second year, Wood's Global Cause Challenge provided financial support to 50 Iraqi orphans and/or underprivileged children in Basra so that they can continue with their education, as well as the delivery of a mental health workshop in November.

In addition, the Global Cause Challenge supported an application from the Wood team in country to assist the Malala Fund in 2022 as part of their ongoing #keepinggirlsinschool initiative. The initiative aims to provide remote support to young girls in Afghanistan, where it's estimated 60% of children not in education are girls, the non-profit Malala Fund advocates for girls' education and development.

## Volunteering

Through volunteering our time and energy to the issues important to our shared communities, we continue to demonstrate care and commitment towards the people and the environment we impact.

In 2021, our people continued to go above and beyond to show up in our communities and demonstrate our values in action and volunteered time worth \$420,400 at the Wood hourly rate, including \$251,606 of time dedicated to our Global Cause. Overall, we have seen less volunteering activity during 2021 due to restrictions caused by the Covid-19 pandemic. As restrictions continue to relax, we expect to see an increase in our volunteering activity where safe to do so and where restrictions allow. This will be further supported by the improvements we have made to the data capture and reporting of volunteering time. On this basis, we remain confident that we will see an improvement in 2022 and that the results will better reflect the efforts of our employees donating their time and energy to their local communities.



### Volunteering in the Atlantic Forest Trail

The Atlantic Forest Trail (AFT) is a trail in the southern and south-eastern regions of Brazil, following the Serra do Mar and extending to the Serra Geral mountain ranges.

For the last two years, one of our engineering coordinators, based in Macaé, Brazil, has worked as a volunteer and coordinator marking trails in the 220km extreme north part of the Atlantic Forest Trail in the north of the State of Rio de Janeiro. The AFT's mission is to promote society's engagement in conservation and recovery of the Atlantic Forest through outdoor activities, whilst promoting inclusive socioeconomic development and adding value to the natural and cultural heritage.

Demonstrating the passion of our employees to support causes in their communities, our employee said "Hiking in the trails, and working with the other volunteers, over the last year has helped to ease the isolation the pandemic has brought. The work we are carrying out will be a legacy for current and future generations and I am very proud to be one of over 3,000 volunteers."

## Team Wood gives generously to Louisiana hurricane recovery

Louisiana has been ravaged over recent years by numerous hurricanes. In 2020, Louisiana was directly hit by Hurricane Laura and many residents, including Wood employees, were still recovering from that storm's impact when Hurricane Ida landed on 29 August, 2021.

Team Wood stepped up once again with generous hearts to provide supplies to employees and the people of Louisiana most impacted by Hurricane Ida. Travelling from neighbouring states, with trailers loaded with much needed supplies, Wood employees met in Louisiana to deliver donations to their fellow community members. The Wood team in Lafayette, Louisiana also partnered with the United Way and Second Harvest Food Bank to collect supplies and help distribute them to areas most impacted by Hurricane Ida.

Director of Operations in our Operations Americas US East business based in Lafayette said, "I am so proud of the generosity and willingness of the Wood team in Lafayette to help others. The team lives out Wood's values to fellow employees and our community."



# 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 process that management follows

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

For more information on the effectiveness of internal control systems see page 76

## Risk management process

The Wood Risk Management Framework is designed to deliver compliance with the UK Corporate Governance Code and alignment with the ISO 31000 principles.

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 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 Chief Operating Officer (COO) with attendance by the BU Executive Presidents and CFO.

Group level functional risk registers are also maintained with the functional leadership teams reviewing these risk registers twice a year.

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 CEO, CFO, COO, Executive Leadership Team (ELT) and General Counsel, to ensure that the material risks for the Group are appropriately measured and managed.

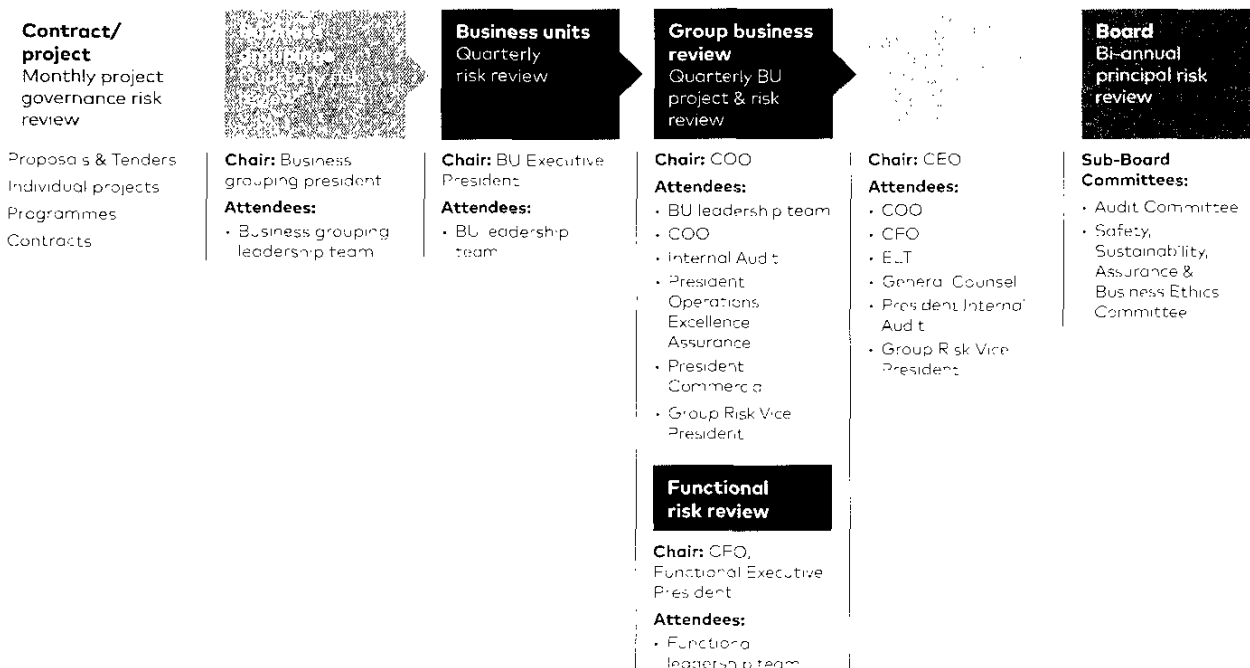
The overall focus of the GRC meetings is to ensure that the principal risks for Wood were identified, agreed, measured and effectively controlled.

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

The principal risks considered by the Board in 2021 are set out in the table on pages 72 to 74

## Group risk framework

### Risk Escalation



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, sustainability, 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

Wood's Operating Committee (OpCom) is chaired by the COO and attended by the Business Unit Executive Presidents, the BU Operations Excellence Presidents, President Commercial, President Operations Assurance, President Supply Chain and President Digital & Technology. The purpose of OpCom is to provide governance and oversight across Wood's global operations by reviewing, monitoring, driving and assuring the delivery of the global operational strategy into the business.

Wood's global operational strategy is focused on ensuring 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.

The measure of delivery and maturity of Operational Excellence initiatives and deliverables are tested by the Operations Assurance team who provide assurance over various aspects of operations, including the project execution and contracting principal risks.

## Enduring impact of Covid-19

In early 2020 the GRC and Board risk sessions identified Covid-19 as an emerging risk. In May 2020, the Board approved a new principal risk titled "Enduring impact of Covid-19" that considers the HSSE, financial and business disruption impacts of Covid-19, including the impact on our people, clients, suppliers and business partners.

The global pandemic continued to create uncertainty during 2021; however, our awareness and understanding of how to maintain business continuity matured as we continued to adapt and evolve to the pandemic and improve our business resilience.

During 2021 Wood has further developed and applied controls including the roll out of a Global Vaccine Policy, a revised Flexible Working Policy, enhancements made to our wellbeing guidance and increased promotion of our Employee Assistance Programme.

The Covid-19 principal risk is governed by a bespoke risk management plan and framework due to its unique profile. The framework ensures complete risk coverage from all the business and is governed by both the BU Crisis Management Teams and the Group Incident Management Team with regular Board reporting.

The process is coordinated and maintained by the President Security, Group Risk VP and the President Operations Assurance.

## Climate change

During the GRC and Board risk sessions in 2021, the various aspects of climate change risk for Wood were reviewed as an integral part of our risk management framework. From our analysis, climate change risk was not considered to be a standalone principal risk given its diverse nature, but to be a contributing factor to other principal risks. The major impact of climate change for Wood was seen to be on our strategy to address energy transition, and therefore feeds into the Strategic agility principal risk. This has been a strategic priority in 2021 and has been a major focus for the Board. These aspects also impact ESG strategy and performance as outlined below.

At a more detailed level, climate change risk will include localised events such as abnormal temperatures and weather, and will be reflected in project risk registers, which map back to the Project Execution principal risk at a BG and BU level, depending on the materiality.

Regular oversight of these risks at the GRC, SSABE and Board Risk Committee ensures the content of the related principal risks remains focused on our perception of climate change risk on the business. The Wood risk management framework provides a process for all associated risks to be governed by these oversight committees where the associated risks, plans and KPIs are reported and reviewed.

## ESG and sustainability

ESG and sustainability are transversal risks that can be found across our business, and over the last year, our newly appointed President - Sustainability has continued to develop and mature the direction of Wood's response to sustainable development, climate change obligations and ESG matters by aligning to the Company's overarching strategy and developing an ESG risk management framework.

Wood's risk management framework is developed to ensure that all ESG risks map back to our principal risk of "ESG strategy and performance" to ensure we have adequate oversight and governance in identifying, managing, and reporting such risks, mitigations and control effectiveness.

## Brexit

Wood has regularly monitored and assessed the legal, financial, commercial and operational effects of Brexit throughout 2021, to identify any localised areas that would potentially be impacted by Brexit. These areas included 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 have been impacted.

## Emerging risks

Wood's Risk Management Framework includes a focus on identifying and assessing potential emerging risks. Emerging risks are identified throughout the year via the Business Grouping, Business Unit and functional risk processes and escalated and discussed during the GRC and further escalated to the Board as required.

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

During the GRC, additional time was set aside to allow for discussion in the form of a risk amplification exercise to understand the impact of the strategic review of the built environment business on the principal risks. From this analysis of the strategic review, it was not considered to be a standalone principal risk given its short time-frame and was considered to be an active risk which will have its own governance and oversight.

As an emergent risk, the Russia and Ukraine geopolitical risk was identified and escalated in early March 2022 to the Board risk committee (prior to Russia's invasion of Ukraine). In concurrence, a working group within Wood was established to understand the materiality of the risk exposure to the company. Following the invasion, ongoing analysis of the business exposure to the situation and developing sanctions had been undertaken, and in late March 2022 the Company announced its decision to begin the process to withdraw from operations in the country. Despite the withdrawal from operations and business impact from sanctions, there are no concerns of material impact on Wood.

### Risk appetite

The Group's risk appetite is defined by six broad risk appetite statements to ensure the current list of principal risks are adequately covered by the risk appetite statements.

The Group's risk appetite is taken into account when setting the nature, extent and effectiveness of the key control mechanisms in place and the level of assurance activity required for each risk.

A framework around the application of the Group's risk appetite to contracting models sets out the risk appetite for certain fixed price or lump sum (and other high risk) contracts 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 COO, CFO and BU Leadership Teams including the BU Executive Presidents.

### 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 2021 a new enterprise risk management system and risk dashboard were rolled out to the business to complement the bottom up, top down, approach to enterprise risk management. The system and dashboard were designed to enhance oversight and governance of the control environment as part of the Company's enterprise risk management framework.

### Monitoring the risk management and internal control systems and processes


The Board receives bi-annual updates on the key controls in place in relation to each of the principal risks, the level of 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 a bi-annual basis at a meeting with relevant members of the ELT and the Board.

Accountability for managing risk is embedded into our business. Each business unit and function undertakes a quarterly risk assessment, monitors risk and requires senior management to attest the control effectiveness of their risks on a prescribed basis as part of their ongoing accountabilities.

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. Having been impacted by Covid-19 in 2020, the project to establish a common ERP and shared service platform resumed in the second half of 2021 and has been combined with the initiation of the planning and design of an Oracle Cloud instance. An improving and maturing control environment for entities hosted in the common ERP environment and serviced by the shared service centres was noted in 2021.

Details of the status of financial and IT internal controls are included in the Audit Committee report on pages 106 to 109.

 For more information on the internal control environment see pages 83 and 84

### Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), as well as preparing financial forecasts up to the end of 2023 to reflect reasonably possible downsides.

The directors did not declare an interim or final dividend for 2021 in order to protect cashflows and preserve long term value. No dividends are included in the going concern assessment. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

In assessing the basis of preparation of the financial statements for the year ended 31 December 2021, 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 order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants including any impact on committed funding and liquidity positions and the Group's ability to generate cash from trading activities. As of 31 December 2021, the Group's principal debt facilities comprise a \$1,200.0m revolving credit facility maturing in October 2026; a \$600.0m term loan maturing in July 2026 and \$803.3m of US private placement debt repayable in various tranches between July 2022 and July 2031, with over 95% due in 2024 or later. At 31 December 2021, the Group had headroom of \$935.1m under its main facilities and a further \$148.9m 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 2021, the Group had net current liabilities of \$363.3m (2020: \$457.3m) and the reduction mainly relates to the extension of the maturity of the Group's principal borrowing facilities during 2021. 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 on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the broad range of end markets that the Group operates in, whilst also considering the growth in the order book during 2021 and an improved outlook for activity across Projects, Operations and Consulting. Approximately 62% of the Group's revenues are driven by renewables and other energy; process and chemicals and the built environment. The Group anticipates growth opportunities due to the post covid recovery in industrial activity. Additionally, there are growth opportunities in the built environment due to fiscal stimulus measures adopted by governments across the world in response to the pandemic and longer-term demand supported by changing attitudes to infrastructure spending to provide climate and economic resilience. The conventional energy business, which makes up around 38% of revenue is supported by the global recovery in energy demand and improved commodity prices. This backdrop of strong order book growth and improved activity levels in 2021 gives the directors improved confidence around the 2022 forecast and the growth assumptions for 2023.

The base case going concern scenario assumes the retention of the built environment business. Additionally, the directors have modelled the disposal of the built environment business following the outcome of the strategic review being announced in January 2022. The proceeds from the disposal would lead to a strengthening of the balance sheet through a pay down of debt and other liabilities currently included on the balance sheet. Both scenarios indicated that covenants will be passed at the covenant remeasurement dates.

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, which is the Board approved forecast, the basis of which is described above. This could result from a worsening economic climate or a significantly reduced oil price. In each of the scenarios modelled, the financial covenants were met, with significant facility headroom remaining available.

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

## Viability statement

In accordance with provision 31 of the Governance Code the directors have assessed the Group's viability over a three-year period to 31 December 2024 and modelled the impacts of the risks over a five-year period to 31 December 2026.

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 2021, the Group's principal debt facilities comprise a \$1,200.0m revolving credit facility maturing in October 2026, a \$600.0m term loan maturing in July 2026 and \$803.3m of US private placement debt repayable in various tranches between July 2022 and July 2031, with over 71% due in 2025 or later. These are set out in note 17 to the Group financial statements.

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 72 to 74 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.

The plan to dispose of the built environment business has not been included in the base scenarios as it has not been completed at the date of this report, however the impact of the sale on debt and ongoing profitability were considered as a specific scenario and found to be supportive of the Group's ongoing viability.

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 2024.

## Analysis of principal risks

### Strategic

#### Strategic agility



##### Risk profile

Strategic plan does not keep pace with energy transition and industrial decarbonisation megatrends, market disruption, client demands and/or competitive threats. Strategy fails to deliver a sustainable business model with differentiated service offerings generating superior returns.

##### Mitigation, monitoring and assurance

- Assessed impact of Covid-19 and legacy issues on free cash flow availability to invest in energy

transition, industrial decarbonisation and built environment growth opportunities

- Scanning of the external environment and competitor landscape to refine strategic focus areas
- Continued to assess the strategy and business portfolio for opportunities to generate significant enterprise value uplift and unlock capital for growth, including initiating a strategic review of the built environment business

- Ongoing delivery of a programme (Future Fit) to accelerate strategic objectives through initiatives to unlock stronger medium-term growth, deliver efficiency savings and create value through investment in digital solutions and future skills
- BU growth plans developed and deployed to deliver order book improvement
- Increased cadence of Sales and Growth BU reviews, attended by the Chief Executive, CFO and COO, from quarterly to six-weekly

#### 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

- ESG risk management framework developed, including linkage to the Task Force on Climate-related Financial Disclosures (TCFD)
- Appointment of a dedicated President - Sustainability and sustainability team reporting to the Executive President - HSSES
- SSABE Committee includes oversight of sustainability aspects with additional review by the full Board on an annual basis

- Sustainability targets sanctioned by the Board
- Monitoring of compliance and reporting in line with the UK Corporate Governance Code, covering governance responsibilities, with oversight provided by the Audit Committee and the Board
- Safety performance is a long-standing component of bonus schemes and sustainability targets established in 2020 are also now 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 increased in 2021 due to the ongoing impact of Covid-19 leading to continued pressure on cash generation. Payments were also made in 2021 regarding the resolution of legacy investigations by the SFO, DOJ, SEC, and the Brazilian regulatory authorities.

Following a strategic review in 2021, the Group has commenced a sales process in January 2022 for the built environment business, expected to conclude Q2 2022.

##### Mitigation, monitoring and assurance

- During the year the Group completed a planned refinancing exercise, including:
  - A new \$600m loan facility with existing lenders backed by UK Export Finance (UKEF); and
  - A new \$1.2bn sustainability linked Revolving Credit Facility (RCF), replacing the Group's existing \$1.75bn facility
- Target business cash performance and ongoing monitoring via a Group-wide cash campaign
- Short-term cash flow forecasting tool was fully rolled out across the business

- Monthly BU and ELT reviews of debt and cash performance and Board reviews
- Designated process for governance of capital expenditure
- 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

#### Enduring impact of Covid-19



##### Risk profile

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

##### Mitigation, monitoring and assurance

- Sustained Crisis Management Team (CMT) including full ELT and BU Incident Management Teams (IMTs)

meeting with regular cadence for governance and oversight

- Covid-19 risk management framework implemented across business and mapped into principal risks
- Mitigation, monitoring and assurance in place for each of the key Covid-19 risks
- Roll out of Global Vaccine Policy and revised Flexible Working Policy, along with enhancements to wellbeing

guidance and increased promotion of the Employee Assistance Programme

- Covid-19 Response Committee remains in place to oversee response to the pandemic
- SSABE Committee receives updates on HSSE aspects of Covid-19 response
- Monthly Board updates on Covid-19 response

## Board assessment of change in risk from 2020:

▲ Risk has increased since 2020 ► No change in risk since 2020 ▼ Risk has decreased since 2020

Ⓥ Considered as part of viability assessment ● New

## Commercial and Operations

## Contracting

**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, and/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

**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 Group CFO and BU Executive Presidents
- Operational Excellence programme supporting consistent project delivery through on common operating model, standardised delivery applications and project management academy

## Failure to attract, engage and retain critical staff

**Risk profile**

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

**Mitigation, monitoring and assurance**

- End-to-end recruitment platform, across Wood to optimise internal and external recruitment activities, and ensure right person, right place, right time
- Critical Position Resourcing reviews used at BU level to highlight key vacancies and establish pipelines for future demand

- Succession planning in place for management and leadership positions with development plans in place for high performing employees
- Employee engagement survey carried out during 2021 to assess progress against the employee engagement framework with follow-up focus groups and action plans developed to address key themes

## Health, Safety, Security &amp; Environment (HSSE)

## Major incident

**Risk profile**

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

**Mitigation, monitoring and assurance**

- HSSES Framework Standard setting out clear standards for HSSES management across Wood aligned to ISO standards
- Consolidation and simplification of HSSES management system elements through the deployment of The Shield

- Development of a Professional Shared Services Hub to implement consistent delivery of safety management
- Clear and enforced Life Saving Rules covering critical risks underpinning safe working processes and clear safe working behaviours in the Wood 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 HSSES areas and assurance against standards
- Regular review of safety performance by ELT, SSABE and the Board
- Revised Business Continuity and Emergency Response Plans
- Wellbeing resources supporting our employees

## Technology

### Cyber security



#### Risk profile

Impact on the confidentiality, integrity and/or availability of Wood or client data and/or disruption to Wood business operations through cyber-attack.

#### Mitigation, monitoring and assurance

- Dedicated security, governance, risk and compliance team led by Chief Information Security Officer (CISO)
- Mature Information Security Management Framework that combines technical and process controls with a group-wide

programme of colleague awareness

- Comprehensive IT security policy/standards and procedures
- Extensive threat hunt and intelligence gathering capability
- Utilisation of next generation perimeter security and best-in-class end point detection and protection capability
- Mature cyber security incident and event management

- Security Operations Centre enabling 24/7 detect and respond capability
- Mandatory cyber awareness training and Group wide continuous cyber education programme
- Monthly reporting to the ELT; quarterly reporting to the Audit Committee and the Board with an annual review by the Audit Committee

## Compliance and Litigation

### Major investigations



#### Risk profile

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

#### Mitigation, monitoring and assurance

- Suite of Wood policies that mandate compliance with applicable laws and policies

- Dedicated Ethics Responsible Officers across the business with increased engagement and training provided from the Group Legal, Ethics and Compliance team
- Assurance framework across technical and non-technical business processes
- Anti-Bribery and Anti-Corruption (ABAC) programme reinforced with dedicated project manager, Executive Sponsor, and regular reporting to SSABE

- Robust compliance programme including our Code of Conduct and specific requirements around the appointment and management of commercial intermediaries
- Targeted programme of ethics & compliance training
- Group Legal, Ethics and Compliance team provides 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.

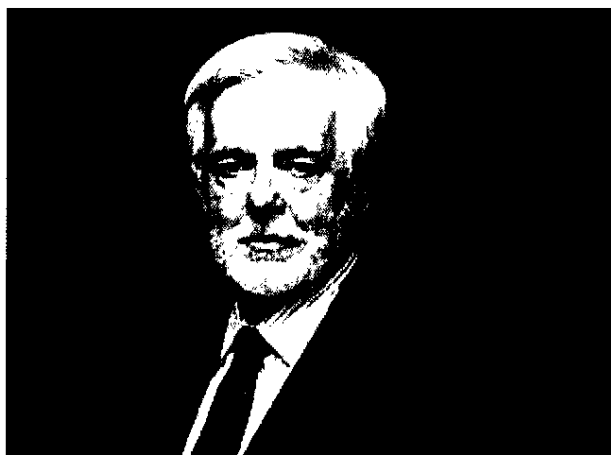
#### Mitigation, monitoring and assurance

- Controls over major incident, major regulatory investigation, contracting, and project execution risks
- Policies for management of litigation
- Group Legal, Ethics and Compliance team with experience in litigation supported by external specialist lawyers where necessary

- Group Litigation report provided to the ELT on a monthly basis and to the Board on a quarterly basis
- Enhanced governance on major cases with senior executive and business unit leadership.
- Identification of lessons learned arising from litigation and training in key areas



# Letter from the Chair of the Board



"In 2021, the Board oversaw the delivery of Wood's strategy, which has sustainability at its core, with a focus on balancing the interests of, and generating sustainable value for all of our stakeholder groups. In addition, the Board focused on the maintenance of an effective culture that promotes inclusion and diversity whilst also overseeing the response to the longer-term effects of Covid-19 to ensure business continuity and employee well-being."

**Roy A Franklin**  
Chair

## Dear Shareholder

2021 has been a year influenced by the ongoing impacts of Covid-19 and an accelerated focus on the impacts of climate change. The pandemic has continued to generate challenging conditions in some of Wood's core consulting and engineering markets in 2021 and required us to consider the medium to longer-term impacts on our business. However, 2021 has also been a year of increased focus on climate change, with COP26 acting as a catalyst for global commitments to address the effects of climate change.

Throughout 2021, the Board had oversight of the delivery of Wood's strategic objectives, aligned to the delivery of innovative solutions for a net-zero future. The Board's focus has been on ensuring Wood's strategy generates value for all of Wood's stakeholders through balancing the sometimes competing interests of those stakeholder groups and ensuring the maintenance of an effective culture. With the Board's support, Robin and his Executive Leadership Team have responded swiftly and effectively to the dynamic challenges of the pandemic as they have evolved during the year whilst also making good progress in positioning Wood for a leading role in energy transition and industrial decarbonisation.

As a result of these actions, Robin and his Executive Leadership Team have delivered a financial performance that reflects improving trading momentum against the backdrop of challenging market conditions.

In April 2022, Robin Watson advised the Board of his intention to retire as Chief Executive. On behalf of the Board, I thank Robin for his years of service to the company. Under his leadership, Wood has transformed into a global consulting and engineering business that operates across a wide range of sectors across energy and industry markets worldwide. Robin has built a strong leadership team around him and a solid portfolio that provides us great opportunities as we look ahead. A search process is now underway, with both internal and external candidates, and we are confident a smooth transition will follow later in 2022.

## 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 85 and further details of engagement with key stakeholders can be found on page 81.

Sustainability is at the heart of Wood's strategy and in 2021 the Board endorsed a set of targets aligned to the UN Sustainable Development Goals. Having considered the views of a range of stakeholders including shareholders, employees and wider societal expectations, the Board approved goals in the key areas of delivering our purpose aligned to solutions for a net-zero future; inclusion and diversity; fair working practices; and our impact on communities and the environment. In addition, performance against ESG targets were embedded in the 2021 annual bonus and long-term incentive plans for Wood's executive directors, reflecting the importance the Board places on delivering a sustainable business and value for all of Wood's stakeholders.

COP26 took place in 2021 and reinforced the view that the delivery of net-zero commitments are fundamental to addressing the significant impacts of climate change. Through its oversight of Wood's strategy aligned to delivering solutions for a net-zero future, the Board has been focused on assessing how best to take advantage of the positive trends and investment opportunities for Wood in energy transition and industrial decarbonisation.

This included ensuring that the significant value in Wood's exposure to sustainable infrastructure markets was appropriately recognised in the equity market. As a result, the Board initiated a strategic review of the built environment business in November 2021. The review was completed in early 2022 with the Board concluding that a sale of the built environment business is the best option to deliver value for our shareholders and to strengthen the group as we look to capitalise on the significant growth opportunities, including in energy transition and industrial decarbonisation.

The Board recognises that the maintenance of an effective culture is fundamental to the successful delivery of Wood's strategic objectives.

## Letter from the Chair of the Board continued

The Board continued to undertake employee engagement during 2021 through its participation in the Listening Group Network, which provided it with insights into the prevailing culture and enabled consideration of any improvement actions. By reviewing the results of our global employee engagement survey, the Board obtained an understanding of the effectiveness of Wood's approach to diversity, equity and inclusion. In addition, the survey gave insights into the success of actions overseen by the Board to manage the longer-term effects of Covid-19 on employee wellbeing, such as the implementation of our flexible hybrid working model to support employees as they return to the workplace.

### Health, safety and sustainability

In 2021, the Board's oversight of the ongoing response to Covid-19 extended beyond the safety and wellbeing strategy emergency response and business continuity arrangements to include a focus on ongoing risk management; operational readiness and planning for a safe return to work. This approach ensured the safety of our people and minimised business disruption. The Safety, Sustainability, Assurance and Business Ethics Committee received regular updates throughout the year enabling it to continually monitor any changes in the pandemic risk assessment, travel or operational restrictions, vaccine policy and control measures. The Committee also provided oversight to the incident investigation into the fatality that regrettably occurred during the year. The purpose of this oversight was to ensure the investigation was independent, of high quality and fully identified the root causes and organisational learnings from this tragic event.

With responsibility for oversight of sustainability matters, the Committee endorsed the set of sustainability targets that underpin Wood's sustainability strategy. In response to the pace of change with regard to ESG risks and reporting requirements, the Board has increased its oversight for sustainability matters with detailed reviews by the Board now taking place on a bi-annual basis.

### Diversity and Board composition

The Nomination Committee had focused on the continued implementation of 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 perspective. During 2021, the Committee had oversight of Wood's commitment to improving gender balance with good progress being made towards our goal of female representation in at least 40% of senior leadership roles being made. At 31 December Wood had 33% female leaders compared to 31% in 2020. The Committee also oversaw a number of wider actions focused on creating an inclusive organisation including the roll-out of conscious inclusion training to all Wood employees, enhanced employee networks and the development of inclusion & diversity leadership champions. 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. Whilst the Committee continues to work towards stated goals of these reviews it is supporting initiatives to improve the reporting of industry progress, including those led by the FTSE Women Leaders Forum and the Parker Review Team at the Department for Business, Energy & Industrial Strategy.

In March 2021, Brenda Reichelderfer and Susan Steele were appointed non-executive directors. The appointments support the Board's commitment to gender diversity and their extensive global experience significantly strengthens the Board. Mary Shafer-Malicki resigned as non-executive director on 13 May 2021 as she had served on the board for nine years. Thomas Botts will have served on the Board for nine years in 2022 and, in accordance with the principles of the 2018 UK Corporate Governance Code, he will step down from the Board at the 2022 AGM.

### Internal controls and external audit

During the year, the Audit Committee focused on areas of judgement and estimation, maintaining a strong control environment, continuing to standardise and digitise finance systems and processes, and the increasing importance of ESG matters.

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 pandemic continuing throughout 2021, the Committee considered the enduring impact of Covid-19 when reviewing and challenging the assumptions for impairment reviews, together with the impacts of energy transition on core markets.

The Committee also had oversight of the processes and controls put in place to maintain a strong internal control environment. The Board assessed the internal financial and IT control environment as effective, with some areas where improvement is needed. Good progress has been made to standardise financial systems with an improving and maturing control environment noted for entities already included in the common ERP system and shared service model. In addition, the project to integrate remaining smaller businesses into the ERP system and shared services model resumed in the second half of 2021 and this has been combined with the planning and design of an Oracle Cloud instance as we focus on digitising financial systems. Recognising the importance of the governance of ESG matters, the Committee had oversight of a number of internal audits focused on sustainability aspects and this focus will be extended further in 2022. The Committee assessed the effectiveness of the external audit by KPMG and concluded that the audit process was operating effectively.

On 21st February, the Company announced a delay was necessary to finalise the Company's reported results and to conclude the year-end process with the Company's auditor, KPMG LLP. The delay was required to allow an external investigation and review to be undertaken, principally in relation to the historical carrying value of the Aegis Poland project contract and the process by which this was determined. This review was concluded, and Wood's 2021 full year results will be announced on 20 April 2022. The Audit Committee will take account of the findings of the review in its continuing work on the effectiveness of the Company's internal control environment and the Chair of the Audit Committee and I will jointly review the Board oversight governance framework and make any recommendations for further refinement to the Board in due course. For further details see page 109.

### Directors' remuneration

The Remuneration Committee has continued to closely monitor the external executive remuneration environment, alignment to the wider workforce, and the views of our shareholders whilst continuing to make remuneration decisions that reflect the needs of the business and 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 continued strength, resilience, courage and care demonstrated by the executive directors and the wider leadership team in leading the business throughout the year. The Committee continued its engagement activities with leadership and the wider workforce to ensure 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 ensuring that the Board and senior management profile reflects the future direction of the organisation; devoting more time to discussion and greater focus on operational execution informed by appropriate metrics. The Board has undertaken activities throughout the year to address these areas including: reviewing senior management development and succession plans to ensure appointments reflected the appropriate expertise for the future direction of the Company; including additional time to the Board meeting timetable to allow for more in-depth discussion and refreshing the approach to business unit reporting to facilitate a deeper understanding of each business unit's operational performance and risk management.

### Investigations

Through the Investigations Oversight Committee, the Board provided independent oversight of the risk analysis, mitigation and response of the business in connection with the investigations by the relevant authorities into the historical use of agents and other matters. The Board is pleased that these investigations were concluded during 2021. Going forward the SSABE Committee will continue to review and provide oversight for the organisational arrangements and requirements put in place to ensure compliance with the agency commitments as part of these settlements.

Your Board recognises the resilient and agile leadership demonstrated by Robin, David and the Executive Leadership Team, in a dynamic and challenging environment, to deliver improving momentum in Wood's financial performance including margin improvement and strong order book growth and in taking steps to strategically position Wood for a leading role in energy transition and industrial decarbonisation.

Through the strategic actions underway in 2022, I am confident that Wood will unlock shareholder value and will be well positioned to capitalise on the significant opportunities ahead, including in energy transition and industrial decarbonisation. I believe that the Board has the appropriate skills to support these actions and the ongoing 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 2021.

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 150.

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## Going Concern

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

## Dividend

Due to uncertainty around the impact of Covid-19 and volatility in oil prices, the Board decided not to declare a final dividend for 2020.

Whilst the Board were encouraged by improving momentum in activity and early signs of markets recovering, performance in the first half of 2021 reflected the ongoing impacts of Covid-19 and as such, the Board considered it prudent not to pay an interim dividend for 2021.

No dividends were therefore paid to shareholders during 2021.

In addition, given the high level of net debt held by the Group, the Board has decided not to recommend dividends in relation to the 2021 financial year.

The Board remains committed to ensuring balance sheet strength and 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 is committed to reviewing the policy in the future following the proposed sale of our built environment business.

## Corporate governance statement

The Board is fully committed to maintaining high standards of corporate governance and, as a company with a premium listing on the London Stock Exchange, 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](http://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 2021.

**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 88 to 89).

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

The Board has a structured calendar for the year ensuring all relevant matters are considered and utilises its four principal committees to ensure sufficient time is allowed for discussion. At each Board meeting sufficient time is set aside for the committee chairs to report on the contents of their discussions, put forward any recommendations to the Board which require approval and the actions taken. Further information on the activities of the principal committees can be found on pages 90 to 91 and 103 to 114.

The Board continually assesses the flexibility and sustainability of our business model, monitoring and reviewing our strategy (including our purpose and strategic objectives), assessing and identifying changing or emerging risks that could impact on the Group in the short, medium and long-term. Further information on sustainability of the business model and principal and emerging risks can be found on pages 95 and 69 to 74.

#### Purposes, values and culture – Principle B

Our purpose, values and culture are set out in the Strategic Report on pages 6 and 7 which describes the basis upon which the Company generates and preserves value over the long-term.

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 effectiveness of Wood's approach to diversity, equity and inclusion and actions taken to manage the longer-term effects of Covid-19 on employee wellbeing. These activities, including discussions with management and employee surveys, are described in more detail on pages 58 to 63. 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 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 2021.

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 95. Further information on engagement with stakeholders and the Board's application of s172 of the Companies Act 2006 can be found on pages 14 to 21 and page 85.

#### Employee engagement

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

The Board recognises the importance of strong employee engagement and considers that meaningful, regular dialogue with employees provides it with greater insights into the culture, activities, and experiences of the people in our business. Rather than adopting one of the three methods of employee engagement set out in the Governance Code, the Board uses a combination of methods, including a bi-annual global employee survey, additional global employee pulse surveys to gather the views of employees, and the Listening Group Network (LGN), which involves employees from all our global locations, enabling the employee voice to be heard by the Board and Executive Leadership Team. The LGN has grown in membership by over 20% during 2021. The Board believes this is a more effective method of employee engagement and representative of Wood's global, diverse workforce. In 2021, our global employee engagement survey received c18,000 responses (a participation rate of around 50%) from 37 countries.

Established mentoring relationships have continued during 2021. 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 continuing Covid-19 restrictions. It is intended these activities will recommence once it is safe to do so.

We discuss our workforce engagement activities on page 14 and pages 58 to 63. Details of the impact of employee engagement on principal decisions are set out on pages 19 to 21.

#### 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 15 and 95.

#### 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.

Wood is a founding member of the Building Responsibly initiative, a global, business-led coalition committed to promoting the rights and welfare of workers, specifically for those in the engineering and construction industry. The Building Responsibly Principles provide a framework for Wood's ongoing development of good practice and will assist in establishing a common, global baseline for the treatment of workers. Our Building Responsibly strategy has been developed in collaboration with Supply Chain and, through engagement with our suppliers, we aim to ensure 100% of Wood's labour suppliers sign up and comply with the Building Responsibly Principles by 2025 and ensure 100% of our suppliers have Building Responsibly Principles embedded into their supply chains by 2030.

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. In 2021, the continuing Covid-19 pandemic resulted in most meetings taking place virtually. Details of the Group's engagement activities with clients and suppliers during the year are provided on page 16.

## Division of responsibilities

### 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 behaviour which falls short of those standards.

Mandatory training programmes are used to reinforce key ethics and compliance messages in areas such as anti-bribery and corruption and conflicts of interest. All Board members and employees are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. Further details are provided on pages 48 to 49 and page 92.

In 2021, the Board approved the Modern Slavery and Human Trafficking 2021 statement.

## Division of responsibilities

### Board roles – Principle F

There is clear division between executive and non-executive responsibilities which ensures 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 92.

### Independence – Principle G

The Board has reconfirmed that, at 31 December 2021, 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 three calls on an annual basis. During 2021 a total of eight board meetings took place: four "full" board meetings (one in-person meeting held in Glasgow and three via video conference) and four board calls (all held via video conference). The meeting in Glasgow was held to coincide with COP26 and local management and other employees were provided the opportunity to participate in our activities at the conference.

Committee meetings during the year were predominately 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, Sustainability, Assurance & Business Ethics; Audit; and Remuneration Committees, and the Chief Executive report
- Operations updates and functional updates from HSS&S, 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 97 to 100.

## 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, and social and ethnic backgrounds.

The Nomination Committee report on pages 103 to 105 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 88 and 89.

### Annual Board evaluation – Principle L

On an annual basis, an evaluation process is undertaken which considers the effectiveness of the Board, individual directors and of the Chair. 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 pages 92 to 94.

## 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 and internal audit – Principle N

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. During 2021 the lead audit partner was changed by the Company's external auditors, KPMG, following consultation with and agreement from the Company. The previous lead audit partner had served for three years prior to this change. Further details can be found on page 109.

Further detail on the work of the Audit Committee is on pages 106 to 109.

### Fair, balanced and understandable – Principle O

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 April 2022 Board meeting.



## Audit, risk and internal control

### 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<sup>1</sup>.

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 68 to 74.

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 pages 70 and 76.

#### • 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 101 and 102.

#### • 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 2021; 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; review of provisions; and review of the significant underlying assumptions for the accounting of defined benefit pension obligations. 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, Sustainability, Assurance and Business Ethics Committee has been delegated responsibility for the effectiveness of the Group's management of HSSE, sustainability, operations assurance 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 2021 are set out on pages 106 to 109. The Chairs of the Audit Committee and the Safety, Sustainability, 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 monthly to discuss financial performance and other operational matters. The Operating Committee 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 the creation of long-term value for our shareholders. We link pay to performance by ensuring there is a strong alignment with the organisation's short and long-term objectives, and the prevailing company culture.

### 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.

The current Remuneration Policy received shareholder approval at the 2020 AGM.

### 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 110 to 134.

## 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 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 18 to 21 describes how the Board's principal decisions taken during the year ended 31 December 2021 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 industrial decarbonisation, the increasing demand for sustainable infrastructure with technology driven solutions and regard to climate change. As part of this, in Q4 2021 the Board had oversight for the initiation of a strategic review to unlock value from the part of the Consulting business unit that faces built environment markets. The Board considers that the strategy, including the outcome of the strategic review of the built environment business that concluded that a full sales process is the best option, 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 14). 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 16); and our credit investors (see page 15); 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, including climate change, and the communities we operate in (see pages 17 and 18 and pages 65 to 67);
- Considered the medium and longer-term impact of Covid-19 on our strategy and stakeholders.

### Profit forecast

In our trading update on 13 January 2022, 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 of around \$550 million to \$560 million and adjusted EBITDA margin of around 8.7%, Operating profit (before exceptionals) of around \$195 million to \$205 million" Full year adjusted EBITDA was \$554m, adjusted EBITDA margin was 8.6% and operating profit before exceptionals was \$192m.

### 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 68 to 71 and details of the actions the Company is taking to manage and minimise our impact are set out on pages 50 to 57.

Detailed information on our energy usage in line with the Streamlined Energy & Carbon Reporting framework (SECR), is set out on page 54.

### Political donations

During the year ended 31 December 2021, no political donations were made and no political expenditure was incurred, as defined in Part 14 of the Companies Act 2006. No donation, contribution or expenditure was made to any non-UK political party during the year.

### Charitable donations

The employee matched funding initiative supports employee fundraising efforts for employee personal choice charities, with Wood matching up to 100% of the amounts raised by employees, up to a specified limit. This initiative is the foundation of our charitable donation programme.

See pages 64 to 67 for further details.

The employee matched funding initiative is employee led. During 2021 none of the directors recommended or approved any charitable donations or other forms of giving.

During 2021 we introduced a strategy to support Wood's community investment sustainability target in order to reflect growing stakeholder expectation that companies move away from ad hoc philanthropic activities, to strategic community investment plans that emphasise the 'shared value' of aligning business goals with local stakeholder needs. Wood's focus on education as our Global Cause is subject to periodic review and validation by our employees, allowing scope to revisit our focus and put this to a global employee vote periodically over a 10-year period. Wood is committed to contributing \$10 million to our Global Cause by 2030.

See page 64 for further details.

### Articles of Association

The Company's Articles of Association may only be amended by special resolution at a General Meeting of shareholders and are filed with the Registrar of Companies.

 Our Articles of Association are available at [woodplc.com/articlesofassociation](http://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 691,839,369 ordinary shares, each carrying one vote. The total voting rights at the date of this report are accordingly 691,839,369. No person has any special rights of control over the Company's share capital and there are no shares carrying special rights or restrictions on voting rights. All issued shares are fully paid.

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

Details of significant direct or indirect holders of securities in the Company can be found on page 97 of this report.

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

### Acquisitions and purchases of own shares

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 2021 annual general meeting shareholders passed a resolution authorising the Company to purchase its own shares up to a maximum number of 68,833,937 ordinary shares. During the year ended 31 December 2021 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

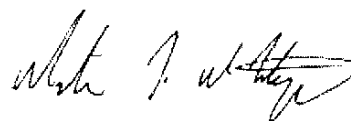
Subject to applicable law and the Company's Articles of Association, the directors may exercise all powers of the Company.

### 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 74 and the directors' report set out on pages 78 to 87 were approved by the Board on 19 April 2022 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 37 to the Financial Statements.

## Directors' responsibilities

The following statement, which should be read in conjunction with the directors' report and statement of Auditor's responsibilities set out on page 149 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 UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition the Group financial statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with UK-adopted international accounting standards.

The Company financial statements are prepared in accordance with FRS 101 "Reduced Disclosure Framework".

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with UK-adopted international accounting standards;
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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.

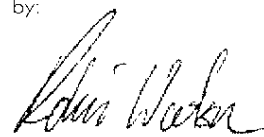
### Directors' responsibility statement

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

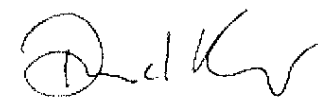
- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The strategic report and 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 19 April 2022 and is signed on its behalf by:

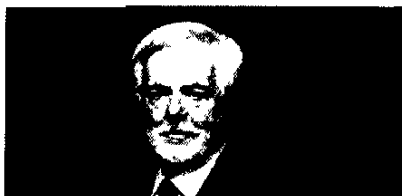


**Robin Watson**  
Chief Executive



**David Kemp**  
Chief Financial Officer

# Board of Directors



**Roy A Franklin OBE**

Chair

**Appointed:** 2017

Chair since September 2019

## Contribution to the Company

Roy brings to the Board more than 48 years' experience as a senior executive in the oil and gas industry including strong strategic and operational expertise and extensive experience in chairing boards of listed companies. Such combined knowledge enables him to steer the Board's focus, promoting open and productive debate and contributes to the Board's practical understanding of good governance. He has an outstanding track record and has demonstrated consistent and valuable leadership.

## Experience

Roy is currently a director of Kosmos Energy Ltd and an independent non-executive director of Energean plc. 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 Poladin 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. He is a former chairman of the Keller Group PLC and former deputy chairman of Equinor A/S. Until 25 February 2021, Roy was chairman of privately held Energean Israel Ltd and until 31 March 2021 was chairman of Premier Oil plc.

## Key to Committee membership

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

Former director who served for part of the financial year

## Mary Shafer-Malicki

**Appointed:** 2012

Non-executive Director. Member of the Audit, Nomination and Remuneration Committees. Resigned May 2021.



**Robin Watson CBE**

Chief Executive

**Appointed:** 2013

Group Chief Executive since January 2016

## Contribution to the Company

Robin has a comprehensive 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 vision is invaluable as we 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 joined the Company in 2010, becoming CEO of Wood Group's PSN division in 2012 and was appointed as Chief Operating Officer and an executive member of the Wood Group Board in 2013. Prior to joining Wood Group, he worked for Petrofac and Mobil Oil in the UK and internationally and has more than 35 years' engineering and industry experience. Robin is a board member of the Institute of Directors through his membership of the Energy Leaders Coalition (ELC) and his personal commitment to the Scottish Leaders Mentoring Scheme is contributing to improving gender diversity in the energy sector and the wider Scottish 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 has received a variety of prestigious business awards recognising his leadership, innovation and entrepreneurship and was appointed a Commander of the Order of the British Empire (CBE) in 2020, in recognition of his services to international trade and 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 and was recently bestowed an Honorary Doctorate in Engineering from Heriot Watt University. 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 significant track record of building financial discipline, driving growth and margin improvement and delivering excellence. His extensive knowledge of the debt and equity markets and the wider financial and service sectors is vital to the Company's objectives of resilience and a strong balance sheet.

## Experience

David was appointed as CFO of Wood Group's PSN division in 2013 and as Group CFO in 2015. David is a non-executive director of Craneware plc and was a director of Albyn School Limited until the end of January 2022. 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**

Non-executive and Senior Independent Director

**Appointed:** 2020

## Contribution to the Company

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

## Experience

Nigel is senior independent director of Persimmon Plc, where he also served as acting chairman for six months in 2018. His executive career was in investment banking, as chair of Corporate Broking at Citigroup and chief executive at Hoare Govett.

**Jacqui Ferguson****A N R**

Non-executive Director

**Appointed:** 2016**Contribution to the Company**

Jacqui contributes to both strategic and operational matters with wide ranging managerial and equality, diversity and inclusion experience. Her diverse outlook and broad industry related technology expertise 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 a senior independent director of Tesco Bank and a non-executive director of Croda International plc. She is deputy chair of Engineering UK and a Fellow of the Institute of Engineering and Technology. Jacqui was previously a founding member of the Scottish First Minister's Advisory Board for Women and Girls, her 3 year term having ended during 2021, and 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 has extensive, global experience of engineering and consulting projects in the energy and built environment sector. Her knowledge and understanding of green energy technologies adds value as we continue to strengthen our expertise within renewable energy. Birgitte adds to the balance of skills and diversity of views on the Board.

**Experience**

Birgitte is a non-executive director of the Danish based road contractor, Arkil Holding A/S and is a non-executive director at the Danish fund companies Danske Invest and Danske Invest Select. She was previously Chief Technical Officer with Maersk FPSO's, a business unit of international logistics company A.P. Moller – Maersk A/S, and prior to that was BU Director of the Energy and Industry business of the Danish international engineering consultancy COWI A/S.

\*Image © Søren Svendsen, M&amp;L

**Susan Steele****A N S**

Non-executive Director

**Appointed:** 2021**Contribution to the Company**

Susan has wide-ranging engineering and construction industry, programme management and supply chain performance experience. Her global expertise across a range of end markets significantly strengthens the Board.

**Experience**

Susan is the Chief Executive Officer of Steele & Partners. She is also an independent director of Hill International, Inc., and was until May 2021 a director of Harvard Bioscience, Inc. She was Senior Vice President of Global Supply Chain Management at Jacobs Engineering and held a number of roles including Vice President, Business Development for Manufacturing and Life Sciences at CH2M Hill. In October 2021 Susan was inducted into the National Academy of Construction, which recognises and honours individuals for their distinguished contribution to the industry and to share their expertise.

**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. He has a proven track record in financial, strategic and commercial roles and brings substantial audit, risk and audit committee expertise to the Board.

**Experience**

Adrian 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.

**Brenda Reichelderfer****N R**

Non-executive Director

**Appointed:** 2021**Contribution to the Company**

Brenda is an engineer with broad business leadership experience. She brings considerable global engineering and operational capability from multiple industries to the Board, together with valuable independent advice.

**Experience**

Brenda is currently a director of Moog, Inc., and of Federal Signal Corporation. She was previously Senior Vice President and Managing Director of global consulting firm TriVista, Inc. and non-executive director of Meggitt plc. Prior to that Brenda was Senior Vice President, Chief Technology Officer and Director of Engineering of ITT Corporation. She also held the position of President in two of ITT's four Operating Divisions during her 28-year tenure.

**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.

# 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 its four main Board Committees – the Safety, Sustainability, 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.


### Safety, Sustainability, Assurance & Business Ethics Committee

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

 Read more on page 101


### 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 103


### 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 106

### 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 110

## Executive Leadership Team

The ELT operates under the authority of the Chief Executive Officer and comprises the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the Executive Presidents of our business units, the Executive Presidents of our Health, Safety, Security, Environment & Sustainability, People & Organisation and Strategy & Development functions and the Group General Counsel & Company Secretary. The Executive Presidents of our business units all report directly to the Chief Operating Officer. The other members of the ELT report directly to the Chief Executive Officer.

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.



**Dave Stewart**  
Chief Operating Officer  
(retired 31 Dec 21)



**Joe Sczurko**  
Executive President - Environment & Infrastructure Consulting\*



**Mike Collins**  
Executive President - Projects



**Stephanie Cox**  
Executive President - Operations



**Sue MacDonald**  
Executive President - People & Organisation  
(retired 31 Dec 21)



**Nina Schafeld**  
Executive President - HSSES



**Andrew Stewart**  
Executive President - Strategy & Development  
(resigned 31 Jan 22)



**Ken Gilmartin**  
Chief Operating Officer  
(appointed 1 Oct 21)



**Martin McIntyre**  
Group General Counsel & Company Secretary  
(appointed 1 Jan 22)




**Lesley Birse**  
Executive President - People & Organisation  
(appointed 1 Nov 21)



**Andy Hemmingway**  
Executive President - Consulting  
(appointed 9 Mar 22)



**Jennifer Richmond**  
Executive President - Strategy & Development  
(appointed 18 Apr 22)

 Find out more about the ELT at:  
[woodplc.com/leaders](http://woodplc.com/leaders)

\*In Q1 2022, as part of the preparations for the proposed sale of the built environment business, Joe Sczurko's role transitioned from Executive President - Consulting to Executive President - Environment & Infrastructure Consulting



### Executive Leadership Team and business unit update

At the end of December 2021, Dave Stewart, formerly Chief Operating Officer (COO) and Sue MacDonald, Executive President – People & Organisation, retired and stepped down from their respective roles and from the ELT.

Dave Stewart had been with the Company in various roles for 25 years and his deep cross-industry experience has been a driving force, propelling our performance and navigating us through many changes. Most recently as our COO, he led the creation of our Operational Excellence model, our mark of excellence and a hallmark for the Wood way of working.

In September 2021, Wood welcomed Ken Gilmartin to the ELT and, after a hand-over period, he assumed the position of COO on 1 October 2021. Ken has significant experience in operational and project leadership roles across geographies and sectors which is valuable to his role as COO, with responsibility for execution excellence, operational assurance and optimising and digitalising the way Wood delivers work to its global client base. He also leads the Operating Committee with a focus on building on the strong momentum in the definition and execution of a global operational strategy.

Sue MacDonald joined the Company in 2010 and has been pivotal in navigating the Company through the strategic acquisitions and integrations that have brought our organisation, culture and people together to become the community we are today.

Lesley Birse succeeds Sue as Executive President – People & Organisation, having previously held the role of President, P&O for our Operations business unit. Lesley has over 20 years of global human resources (HR) experience, including shaping HR strategies for growth, championing diversity and inclusion initiatives and leading cultural change programmes. Her focus on optimising our organisation and talent will be at the heart of her new role.

During 2021 we progressed our “Future Fit” initiative ensuring our business is fit for accelerating the pace of the energy transition, through optimising our operating model and further digitalising the way we work to unlock stronger medium-term growth. This included transforming how we operate and, effective from 1 January 2021, we moved to three global business units; Consulting, Projects and Operations. These business units were led by Joe Sczurko as Executive President – Consulting, Stephanie Cox as Executive President – Operations and Mike Collins as Executive President – Projects.

As part of preparing for the proposed sale of the built environment business, in Q1 2022 we began preparing for the future separation of that business by taking steps to create two distinct divisions within our Consulting business unit. These divisions are Consulting; consisting of our energy focused consulting activities, and Environment & Infrastructure Consulting; which is the subject of the proposed sale. Andy Hemingway joined the ELT in March to assume leadership for the Consulting division and Joe Sczurko's role transitioned so that he now leads the Environment & Infrastructure Consulting division.

### 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 Company agreed settlements of the various investigations during 2021.

Details of the respective settlements can be found on page 48.

The implementation of the respective settlements is being managed by the Ethics & Compliance team, overseen by the Safety, Sustainability, Assurance & Business Ethics Committee.

The Investigations Oversight Committee continues to meet to provide support and additional oversight to those functions managing the settlements. It is intended that the Committee will stand down upon conclusion of the respective settlements.

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 attended meetings of the Committee.

### Operating Committee

The OpCom operates under the authority of the Chief Executive and is led by Ken Gilmartin as 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 drives 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.

### 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 comprises the members of the ELT and the General Counsel. The President – Internal Audit and the Vice President – Risk also attend meetings of the Committee.

### Covid-19 Response Committee

A Covid-19 Response Committee was created in 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 intended to be established for the duration of the pandemic. As the effects of the pandemic and associated government guidance, and the Company's response, became clearer, the Safety, Sustainability, Assurance & Business Ethics Committee assumed oversight of the Committee in August 2020.

## 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 79 to 84.

## Board composition

The Board comprised ten directors for most of the year. Mary Shafer-Malick resigned as a non-executive director with effect from 13 May 2021. Brenda Reichelderfer and Susan Steele were appointed as additional non-executive directors with effect from 31 March 2021.

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

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

 Further details on director appointments and the role of the Nomination Committee are set out on page 103.

## 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. 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 regularly 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 [woodpic.com/investors/roles-and-responsibilities](http://woodpic.com/investors/roles-and-responsibilities)

 For brief biographies of the directors see pages 88 and 89.

## Board independence

After careful consideration, the Board considers that, at 31 December 2021, all of its non-executive directors were independent in character and judgement, and that there were no relationships or circumstances which are likely to affect, or could appear to affect their judgement. Mary Shafer-Malick resigned as a non-executive director with effect from 13 May 2021. Mary had been a non-executive director of Wood since June 2012 and her resignation was in line with the principles of the Governance Code regarding the tenure of independent directors.

Thomas Botts will have served on the Board for nine years in 2022 and, in accordance with the principles of the 2018 UK Corporate Governance Code, he will step down from the Board at the 2022 AGM.

## Conflicts of interest

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

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

In order to evaluate its own effectiveness, the Board undertakes annual effectiveness reviews using a combination of externally facilitated and internally run evaluations.

During 2020, Lintstock, a corporate advisory firm, undertook independent evaluations of the Board and of its committees and during 2021, undertook evaluations of the Board, 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 2020 evaluations were conducted by means of survey questionnaires issued to and completed by each Board member.

The 2021 evaluations were conducted utilising survey questionnaires and via one-to-one interviews with each Board member and with senior management. Lintstock also engaged with members of the Executive Leadership Team to gain a wider perspective and understanding of board performance.

During December 2020 and January 2021 Nigel Mills, Senior Independent Director, spoke to each director (executive and non-executive) and also discussed the Chair in his absence. He also discussed the Lintstock 2021 evaluation with the Board as a group without the Chair present.

The results of the evaluation conducted during late 2020 were reviewed by the Board and committees during the November 2020 Board meeting and the results of the evaluation conducted during 2021 were reviewed during the November 2021 Board meeting.

With regard to the evaluation conducted during 2020, the overall conclusion was that the performance of the Board of Directors is rated very highly and therefore the recommendations were characterised as points of potential further improvement rather than material changes of approach.

## 2020 evaluation

Particular areas of Board governance which were commended in the report included:

- rated very highly - the Board's effectiveness in adjusting its focus and priorities in response to the Covid-19 pandemic
- rated highly - 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
- rated positively - the Board's understanding of investors, clients, employees and partners
- rated as adequate - oversight of the Group's processes for improving diversity and inclusion

The recommendations and the actions taken subsequently in response to the 2020 Board evaluation were:

### Board and senior management succession:

#### Recommendation:

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.

### Action undertaken:

The Board monitors the tenure of independent directors in line with the principles of the Governance Code. During 2021 Mary Shafer-Malicki resigned having served as a non-executive director for nine years. Upon the recommendation of its Nomination Committee, the Board approved the appointment of two additional non-executive directors, Brenda Reichelderfer and Susan Steele, further details of which are on pages 103 to 105. The appointment of Brenda and Susan supports the Board's commitment to gender diversity and their international consulting experience significantly strengthens the Board.

The Board reviewed senior management development plans and succession planning to ensure any proposed promotions or appointments reflected the expertise required to facilitate the future direction of the Company.

### Devoting time to discussion:

#### Recommendation:

The Board should focus on deeper exploration of individual issues, allocating more time for discussion in general.

#### Action undertaken:

Additional time was added to the Board meeting timetable to allow for in-depth discussion where required.

In particular, business unit reporting to the Board was re-formatted. Instead of the Executive Presidents of each business unit taking the Board through their respective reports in detail, they each gave a brief verbal summary of the key points followed by a Q&A session to allow deeper discussion.

Additional time was also set aside to allow discussion of strategic options which may be available to the Company including discussions which ultimately led to the strategic review of the built environment business. Further details of this strategic review are set out on page 21.

The agendas of subsequent meetings were reviewed in order to allow time for deeper discussion as necessary.

### Focusing on performance, including through metrics:

#### Recommendation:

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.

#### Action undertaken:

The refreshed approach to business unit reporting gave the non-executive directors a better understanding of how each business was performing and allowed the Board to focus on the management of potential risks such as retention of skilled staff and to ensure consistency in gross margins and tender governance.

## 2021 evaluation

With regard to the evaluation conducted during 2021, it was noted that the Board composition has evolved purposefully and includes a wide range of relevant expertise and good gender diversity and the addition of another non-executive is not a matter of urgency. The standard of director and senior management induction was commended, particularly in the context of limited face-to-face engagement. Board meetings were generally well managed, however more concise management presentations to maximise the time available for discussion and more frequent one-to-one engagement between non-executive directors and members of the ELT would be beneficial.

The response of risk management arrangements to Covid-19 and the Board's oversight of recently concluded investigations, were rated extremely highly.

The Board's oversight of risk was rated highly

When compared against the Liststock Governance Index, which draws upon over 200 board reviews and helps put performance into context, monitoring of culture was rated considerably more positively than is typically the case.

The following were all rated positively overall: understanding of key stakeholder groups, current mechanisms for workforce engagement, organisational structure of the Group, oversight of project execution and understanding of various markets and geographies in which the Group operates.

### The top priorities for the Board were identified as:

#### Discussing and agreeing strategy

As an enhancement to the longer-term strategic plan, the Board is encouraged to extend workstreams and financial targets used for the medium-term strategy over a longer-term horizon. This will enable longer-term strategic targets to be discussed and agreed with the management team responsible for delivering them, allow the Board to monitor the delivery and hold management to account and enable the longer-term strategy to be clearly communicated both internally and externally.

The top strategic issues were identified as:

- the energy transition
- transitions in leadership
- attracting and retaining talent
- returning to growth
- maintaining financial/balance sheet strength
- portfolio optimisation
- operational execution

#### Monitoring business performance and execution

Monitoring the impact of the new organisational structure to drive more consistent execution and business and financial performance represents a key area of focus. Maintaining close oversight of the Future Fit initiative is a priority.

#### Returning to face-to-face meetings and engagement

Strong working relationships are the foundation of an effective Board and although the Board had maintained strong relationships through a period of remote working, a return to face-to-face engagement would be critical for building rapport between the Board, senior management and with the wider workforce.

More frequent one-to-one engagement between non-executive directors and members of the ELT would be beneficial whilst non-executives should revert to an in-person format for their programme of regular engagement with non-Board management and high performing employees.

#### Focusing on people and succession

More time should be devoted to the people agenda, including plans in place to deliver on stated ambitions in areas such as diversity and inclusion.

Greater emphasis should be placed on succession planning for senior positions, including non-board roles, as well as the longer-term talent pipeline with greater clarity on the strengths and weaknesses of succession candidates

## Evaluation of the Chair

The performance of the Chair was rated very highly.

He is responsive and pragmatic and maintains highly positive relationships with both the executive and non-executive directors and with the ELT, however even greater engagement with the ELT was recommended.

He is highly effective at setting clear agendas, managing director input and demonstrates a fair and balanced approach to include all voices, offering constructive feedback whilst balancing challenge and support.

The availability of the Chair outside of board meetings was highly rated and his readiness to engage with employees throughout the business was commended.

### Oversight of committees

Board oversight of its committees was rated very highly with committee reports and actions driving the Board agenda forward. The annual committee meeting cycle was well managed, balancing structured cadence and focus.

### Committee evaluation

The reports on each of the Board Committees prepared as part of the externally-facilitated Board effectiveness review were circulated to the members of each of the respective committees and subsequently discussed by those committees

Further details of the committee evaluations are set out on pages 102, 105, 109 and 112.

### Board development

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

- Market backdrop and share price performance, valuation analysis on consensus and management forecasts and potential third-party approaches and shareholder activism
- Unconscious bias
- Market Abuse Regulations and Insider Trading
- 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 continuing Covid-19 restrictions it was not possible for Birgitte Brinch Madsen and Nigel Mills, both appointed during 2020, and for Brenda Reichelderfer and Susan Steele, both appointed during 2021, to visit any operating sites and the majority of meetings with senior management took place virtually. It is intended that this part of the induction process will recommence once 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 continued to monitor, and report to the Board on risk management, internal control, and assurance. In addition, a new enterprise risk management system and risk dashboard that is aligned to the business principal risks was implemented in 2021, providing a clear escalation of emerging risks and focus on control effectiveness.

The impacts of climate change on the resilience of our business model are reflected in two of our principal risks: ESG strategy and performance and Strategic agility. During the year, the Group Risk Committee and the Board have continued to monitor climate change impacts through their oversight of the principal risks.

The Board believes that Wood plays a vital role in addressing climate change through its strategy aligned to solutions for a net-zero, combined with the technical solutions it provides to clients, as well as minimising its own environmental footprint. In order to assess the risks, opportunities and impact of climate change on the sustainability of the business model, the Board considers the key market drivers and uncertainties for market development, key customers and competitors across each of Wood's focus geographies, Wood's historical track record of performance, major risks to delivery and how will they be mitigated. The Board increases its understanding by developing strategic partnerships as well as supporting global initiatives on climate advocacy such as COP26 and the UN Global Goals for Sustainable Development.

Additionally, the Group Risk Committee continued to assess the longer term impacts of Covid-19, including a review of the principal risk "Enduring Impact of Covid-19" and determined that Covid-19 remained a principal risk.

### 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 full year results announcements, and with the Chair around the Annual General Meeting. The Chair also has regular calls with the Company's brokers to understand the views of shareholders and equity markets more broadly.

During 2021, in addition to periodic market updates and our interim and full year results, more than 100 shareholder engagements took place between investors and the IR team and/or the Chief Executive and CFO and these were carried out by call and video conference.

Continuing Covid-19 restrictions meant that we were unable to invite shareholders to attend our AGM, held on 13 May 2021, in person. In order to allow shareholders to participate as much as possible, we facilitated submission of questions in advance of the AGM through our website and we provided a simultaneous audio broadcast of the AGM so shareholders could follow proceedings and could also submit questions during the meeting. Questions submitted, and the responses, were published on our website at [woodplc.com/investors/annual-general-meeting](https://www.woodplc.com/investors/annual-general-meeting)

Engagement between significant shareholders and the Chair proceeded as normal albeit via video conference and telephone rather than face-to-face meetings. The engagement focused on Wood's medium-term strategic objectives and capital allocation, and later in the year engagement focused on the strategic review initiated in November in respect of the built environment business.

### Update on investigations

The Investigations Oversight Committee (IOC), chaired by Thomas Botts, continued to provide independent oversight, monitoring and reporting to the Board of our response to the investigations by relevant authorities into the historic use of agents and other matters.

In March 2021, WGPSN (Holdings) Ltd, a subsidiary of the Company, reached a civil settlement with Scotland's Civil Recovery Unit in relation to the historical engagement of Unaoil by a legacy joint venture in Kazakhstan during the period between 2008 and 2010. The settlement concludes the issue which started after the Group self reported, having conducted a thorough internal investigation, before cooperating fully with the Crown Office & Procurator Fiscal Service (COPFS) and the Civil Recovery Unit throughout their investigation. Under the terms of the settlement, Wood agreed to pay approximately \$9m to the COPFS, of which around \$3m was paid in 2021, with the balance to be paid in instalments in 2022 and 2023.

In June and July 2021, Wood entered into agreements with authorities in the UK, the US, and Brazil, to resolve their respective bribery and corruption investigations into the past use of third party agents in the legacy Amec Foster Wheeler business. Under the terms of the agreements, Wood will pay compensation, disgorgement and prejudgment interest, fines and penalties of approximately \$177m, of which around \$62m was paid in 2021, with the balance to be paid in instalments in 2022, 2023 and 2024.

In total, payments related to the settlement of investigations in 2021 were approximately \$75m consisting of the amounts referred to above, together with associated legal fees. These amounts were fully covered by the provisions reflected in the 2020 financial statements as described in note 20 Provisions.

In the UK, the Company's subsidiary, Amec Foster Wheeler Energy Limited (AFWEL) entered into a three-year deferred prosecution agreement with the Serious Fraud Office relating to the historical use of third-party agents for bribery and corruption in Nigeria, Saudi Arabia, Malaysia, India and Brazil over the period 1996 to 2014, before Amec plc acquired Foster Wheeler AG in November 2014 and prior to the combined firm's acquisition by Wood in October 2017.

In the US, AFWEL entered into a three-year deferred prosecution agreement with the Department of Justice and another subsidiary of the Company, Amec Foster Wheeler Limited (AFWL) entered into a Cease & Desist order with the Securities and Exchange Commission.

In Brazil, AFWEL and Amec Foster Wheeler Americana Limitada entered into 18-month leniency agreements with the Ministério Público Federal, the Comptroller General's Office and the Solicitor General.

The agreements in the US and Brazil all related to the historical use of third-party agents for bribery and corruption in connection with the award of a project in Brazil.

Wood cooperated fully with all authorities in their investigations, which is reflected in the cooperation credit that Wood received from the authorities in their respective resolutions.

Wood continually reviews and enhances its compliance programme to mitigate the risk of recurrence of similar conduct and prohibits the use of sales agents or similar unless required by law.

## Major shareholdings

The Company has been notified, in accordance with DTR 5, of the major shareholdings in the Company as of 31 December 2021, as shown in the table below:

Shareholders	No of shares	% of shares
Liontrust Investment Partners LLP	41,452,814	5.99%
Schroders plc	37,098,551	5.36%
FIL Limited	35,594,123	5.14%
abrdn plc	34,373,800	4.99%
Pzena Investment Management, Inc.	34,273,605	4.95%
Franklin Templeton Institutional, LLC	33,950,724	4.90%
Ameriprise Financial	33,776,060	4.88%
Artisan Partners Limited Partnership	33,601,505	4.85%
Norges Bank Investment Management	27,404,062	3.96%
APG Asset Management N.V	27,345,991	3.95%
Kiltearn Partners LLP	23,028,390	3.32%

The following changes in the interests disclosed to the Company have been notified between 31 December 2021 and 19 April 2022:

- On 13 January 2022 APG Asset Management N.V disclosed that their percentage interest in the ordinary share capital of the Company was 4.23% (29,297,191 ordinary shares)
- On 22 and 25 February 2022 Norges Bank Investment Management disclosed that their percentage interest in the ordinary share capital of the Company was 3.08% (21,347,284 ordinary shares)
- On 8 March 2022 Norges Bank Investment Management disclosed that their percentage interest in the ordinary share capital of the Company was 2.93% (20,252,656 ordinary shares)

## Board and Committee attendance 2021

Attendance by directors at the meetings of the Board and its Committees is summarised in the table below. The dates of future Board meetings have been agreed until the end of 2024.

Read the Charters of the Board's Committees at [woodplc.com/charters](http://woodplc.com/charters)

V	V	V	V	V	V	V	V	F			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Safety, Sustainability, Assurance & Ethics Committee											
	Board				Nomination Committee		Audit Committee		Remuneration Committee		
Roy Franklin	8/8				-		5/5		-		
Robin Watson	8/8				-		-		-		
David Kemp	8/8				-		-		-		
Thomas Botts	8/8				4/4		5/5		-		
Jacqui Ferguson	8/8				-		5/5		5/5		5/5
Birgitte Brinch Madsen	8/8				4/4		5/5		-		
Adrian Marsh	8/8				4/4		5/5		5/5		
Mary Shafer-Malicki***	4/4				-		3/3		3/3		3/3
Nigel Mills	8/8				-		5/5		5/5		5/5
Brenda Reichelderfer*	6/6				-		3/3		-		3/3
Susan Steele**	6/6				3/3		3/3		3/3		

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 2021, all directors attended all meetings they were entitled to attend.

\* Brenda Reichelderfer was appointed 31 March 2021

\*\* Susan Steele was appointed on 31 March 2021

\*\*\* Mary Shafer-Malicki resigned 13 May 2021

F Face to face

V Video conference

### Board programme & agenda

The Board typically schedules four face-to-face meetings and three calls on an annual basis. During 2021 a total of eight board meetings took place: four "full" board meetings (one in person meeting held in Glasgow and three via video conference) and four board "calls" (all held via video conference).

The following are covered as standing agenda items:

- Review of Governance and reports from the Safety, Sustainability, Assurance & Business Ethics, Audit, and Remuneration Committees, and the Chief Executive report
- Operations updates and functional updates from HSES, 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 98 to 100.

### Safety, Sustainability, Assurance and Business Ethics

#### Activity

- Updates were received at each meeting on the activities of the Safety, Sustainability, Assurance & Business Ethics Committee and from the Executive President – HSES
- 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
- Regular review of Covid-19 risks and response including review of the Group vaccination policy
- Discussion on sustainability targets, including carbon reduction and single use plastics

#### Outcome/progress:

- Updates were received at each meeting on the activities of the Investigations Oversight Committee and a detailed presentation describing the various settlements was presented to and approved by the Board at the May meeting
- Updates were received on the ongoing response to the Covid-19 pandemic, including communications with and feedback received from the workforce and clients together with a review of return to the workplace measures to ensure alignment with prevailing government advice. The position with regard to mandatory vaccination was regularly discussed and a recommendation to encourage all our people to participate (unless exempt) in national programmes offering Covid-19 vaccines that have been approved by relevant government regulators was endorsed at the November board meeting
- The Modern Slavery and Human Trafficking 2021 statement was approved
- Considered the views of a range of stakeholders in reviewing and approving Wood's Sustainability Framework and Sustainability Report. This included approving eight further sustainability targets, in addition to the scope 1 and 2 emissions reduction target implemented in 2020, in the key areas of inclusion and diversity; human rights and fair working practices; community investment and environmental impact

### Strategy

#### Activity

- Wood's strategy was reviewed and regularly discussed at Board meetings. Interim updates were provided to the Board during the year. A full day was set aside as part of the November board meeting to discuss strategy
- Individual strategy updates were received from each business unit
- The flexibility and sustainability of our business model, and Wood's role in addressing climate change including minimising its own environmental footprint, was reviewed and the Board discussed the risks, opportunities and impact of climate change on the sustainability of the business model
- The Board discussed the Company's approach to the type of projects it would undertake, and the approach to governance, having regard to its commitments on sustainability and the energy transition
- The Board considered how best to participate at the UN Climate Change (COP26) Conference held in Glasgow in November 2021

#### Outcome/progress:

- Regular updates were received from each business unit with additional overview presentations from the Executive President - Strategy & Development
- The Board Strategy Day held at the November 2021 meeting discussed strategic fundamentals: vision, values, purpose, strategic objectives and ESG commitments, especially with regard to the energy transition and industrial decarbonisation
- Risks to the sustainability of the business model could be mitigated by: responsible business assessment ensuring potential material ESG issues are identified and managed at an early stage, retraining and reskilling sections of the existing workforce and hiring external experts, accessing green hydrogen technology via partnership and/or research and development investments
- Proposed projects should be assessed from a sustainability perspective as well as from a commercial perspective
- Our Glasgow office was fitted out and became 'Wood House' for the duration of COP26 and hosted guests from across multiple energy transition and resilient city thought leadership events. This included partnering with AIG and the University of Strathclyde to explore how the city can integrate plans to effectively mitigate climate risk as part of its energy transition and resilience strategies
- Development of a five-year earnings plan linked to the Company's strategy
- The Board approved a strategic review of the built environment business to identify a range of options to best unlock value from that part of the business, to ensure this value is being recognised in its market capitalisation and assess how best to take advantage of the positive trends and investment opportunities in the energy transition and industrial decarbonisation spaces where the Company is a ready global leader. In January 2022 the Board concluded that a full sale of the built environment business is the best option to deliver shareholder value and strengthen the Group



## 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

### Outcome/progress:

- Updated principal risks included in annual and interim reports
- Implementation of an enterprise risk management system and risk dashboard aligned to the business principal risks and providing a clear escalation of emerging risks and focus on control effectiveness

## Review of Dividend Policy

### Activity

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

### 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 Board recognises the importance of dividends to shareholders and is committed to reviewing the policy in the future following the proposed sale of our built environment business

## Governance

### Activity

- Reviewed the Matters Reserved to the Board policy
- Reviewed the respective charters for the Audit, Remuneration, Nomination and the Safety, Sustainability, Assurance and Business Ethics committees and the Roles and Responsibilities of the Directors
- Reviewed the directors' external appointments and conflicts of interest register

### Outcome/progress:

- Updated Matters Reserved to the Board policy was approved
- The respective Audit, Remuneration, Nomination and Safety, Sustainability, Assurance and Business Ethics committee charters and the Roles and Responsibilities of the Directors were all approved and published on the Company website
- The directors' external appointments and conflicts of interest register was updated

## Review of financial results

### Activity

- Updates were received at each meeting from the CFO, including reports of progress against forecast
- Updates from the Chief Executive on the impact of Covid-19 on trading
- Review of monthly management accounts, preliminary results statement, annual report and interim report
- Review of debt and cash performance, including progress against target leverage policy
- Updates were received at each meeting on the activities of the Audit Committee

### Outcome/progress:

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

## 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
- Further employee engagement via an all-employee survey and review of an Organisational Health Index survey
- Review of future skills requirements
- Reviewed the Gender Pay Gap report

### Outcome/progress:

- The Board noted the succession plans for senior executives and senior management. The Board also challenged the diversity of the succession pipeline
- Board participation in Listening Group Network calls on topics including Wood's strategic focus for 2021, mentoring initiatives, and the results of employee surveys
- Introduction of future skills initiatives to enhance skills, both in new sectors and in our more traditional oil & gas sector

## Board engagement with shareholders and other stakeholders

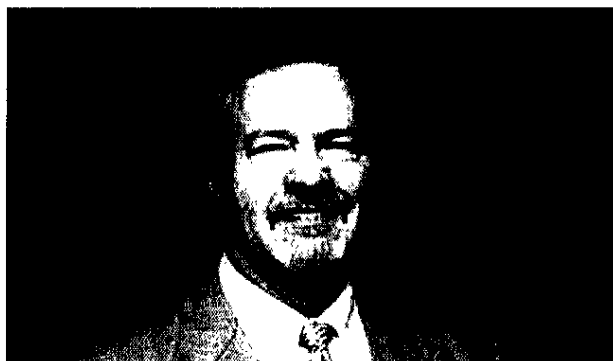
### Activity

- 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
- The Board engaged with its lenders with regards to its revolving credit facilities and UK Export Development Guarantee Facility

### 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 2021, government restrictions on travel and on public gatherings in response to the Covid-19 pandemic meant that engagement was carried out by calls and video conference. The AGM was held on 13 May, however shareholders were unable to attend in person as restrictions on public gatherings were still in place. Shareholders were invited to submit questions in advance of the AGM through our website and we provided a simultaneous audio broadcast of the AGM so shareholders could follow proceedings and could also submit questions on the day
- 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
- Engagement with our lenders resulted in a new revolving credit facility and a successful application for term-loan backed by the UK Transition Export Development Guarantee Facilities

# Safety, Sustainability, Assurance & Business Ethics Committee



"In 2021, sustainability was a key focus with the Committee endorsing targets aligned to the UN Sustainable Development Goals and the sustainability aspects that are material to Wood and its stakeholders. The Committee was also actively engaged in overseeing the response to the longer-term impacts of Covid-19 to ensure the safety and well-being of our people and the ongoing resilience of the organisation."

## Thomas Botts

Chair, Safety, Sustainability, Assurance & Business Ethics Committee

### Committee meetings in 2021

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

### Membership

In 2021 the Committee attendees comprised Thomas Botts, Chair, Adrian Marsh, Birgitte Brinch Madsen and Susan Steele who joined the Committee in May 2021 following her appointment as non-executive director in March 2021. 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:

- 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
- The adequacy and effectiveness of the Assurance programmes for: HSSE; Business Ethics, Operations, Sustainability and Data Privacy
- Oversight of any ongoing regulatory investigations and the associated case management

Read the Safety, Assurance & Business Ethics Committee Charter at: [woodplc.com/ssabecommittee](http://woodplc.com/ssabecommittee)

F Face to face  
V Video conference

The Safety, Sustainability, Assurance and Business Ethics Committee is responsible for overseeing the Group's management of Health, Safety, Security, Environmental (HSSE), Sustainability and regulatory compliance & Business Ethics matters, in line with the Group's policies and values commitment. The Committee changed its title during the year to include Sustainability, recognising the increasing importance and profile of Environmental, Social and Governance (ESG) risk and reflecting the expansion of the Committee's terms of reference in 2020 which formalised its responsibilities for overseeing the Group's approach to sustainability.

The primary focus of the Committee is to ensure that risks associated with issues relating to HSSE, Sustainability 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.

### Sustainability

Sustainability was a key focus for the Committee in 2021 as it exercised 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. The pace of change with regards to ESG risks and reporting requirements led to more detailed discussion in this area and it was agreed going forward to carry out a detailed review of sustainability with the full Board, on a bi-annual basis.

## Governance

### Safety, Sustainability, Assurance & Business Ethics Committee continued

In 2021, the Committee reviewed and endorsed Wood's Sustainability Targets. The targets are in line with the Wood Sustainability Strategy that has been developed in response to the UN Global Compact principles and supporting actions identified by the UN Sustainable Development Goals (SDGs). The targets relate to 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. The key strategic targets include delivering:

- Top quartile ESG investment ratings
- Doubling of client support in energy transition and sustainable infrastructure
- An inclusive and diverse workforce through improving the senior leadership gender balance and rolling out conscious inclusion training to all Wood employees
- Managing our environmental impact through a reduction in carbon emissions and removing single use plastics from Wood offices
- Embedding fair working practices throughout the supply chain
- Positively impacting our communities by continued support to our Global Cause

The Committee endorsed both Wood's Annual Sustainability Report and the revised Modern Slavery & Human Trafficking Statement in pursuance of Wood's legal obligations under the Modern Slavery Act 2015.

#### Managing the ongoing impacts of Covid-19 and safety

Wood's management of the Covid-19 pandemic continued to be a primary focus for the Committee in 2021. This involved reviewing and providing oversight of the response strategy, and ongoing resilience of the organisation including operability status and safety and wellbeing; emergency response and business continuity arrangements; ongoing risk management; operational readiness and planning for a safe return to work. The ongoing Wood response to the pandemic was seen as both appropriate and effective in minimising business disruptions. 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, vaccine policy and control measures.

The Committee also provided oversight to the incident investigation into the fatality that regrettably occurred during the year. The purpose of this oversight was to ensure the investigation was independent, of high quality and fully identified the root causes and organisational learnings from this tragic event.

#### Regulatory compliance and Business Ethics

With regards to matters of Ethics and Compliance, the Committee continued to provide oversight to the Ethics and Compliance Strategy and the effectiveness of the programme. In addition, the Investigation Oversight Committee (IOC), which was established in 2017, continued in place throughout 2021. The IOC was established to provide further independent oversight and governance with regard to any major regulatory investigations or significant breaches of a compliance nature that had the potential to incur serious criminal sanctions or cause significant and lasting reputational harm to Wood. The Committee, chaired by Thomas Batts, continued to provide independent oversight of the risk analysis, mitigation and response of the business in connection with the ongoing investigations by the relevant authorities into the historical use of agents and other matters.

These investigations were concluded in 2021 and Wood entered into several settlement agreements. In the UK, a three-year deferred prosecution agreement (DPA) relating to the use of third party agents for bribery and corruption in five jurisdictions by Foster Wheeler, before Amec plc acquired Foster Wheeler and prior to the combined firm's acquisition by Wood, has been agreed with the SFO. In the US, Wood has entered into a three-year DPA with the Department of Justice (DOJ) and a Cease & Desist order with the Securities and Exchange Commission (SEC), and in Brazil has entered leniency agreements with a term of 18 months with the Comptroller General's Office (CGU), Solicitor General (AGU) and Ministério Público Federal (MPF).

Earlier in March, Wood also reached a civil settlement with Scotland Civil Recovery Unit in relation to the historical engagement of a third party agency by a legacy joint venture. This resolves an investigation by the Crown Office & Procurator Fiscal Service (COPFS) and the Civil Recovery Unit that was initiated following Wood's self-reporting of the issue.

The SSABE Committee will continue to review and provide oversight for the organisational arrangements and requirements that have been put in place, to ensure compliance with the settlement commitments.

#### Assurance

The Committee continued to monitor the activities of the audit component of the Operation Assurance (OA) function which has responsibility for reviewing project execution compliance with HSSE, Technical and Quality policies and standards. During the year the Committee had oversight of the audits and resultant improvement plans and was satisfied they were operating effectively to address the key areas identified for improvement in 2020. Copies of all Operations Assurance audit reports are shared with the Committee for ongoing discussion around key findings and emerging trends, organisational learning and timely close out of actions. Key priority areas for 2022 will include more targeted use of predictive analytics through the Digital Control Tower, to target audit plans to areas of optimum impact, and more emphasis on the application of key standards in all areas of the business in order to assess cultural maturity.

#### 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 SSABE Committee was rated highly overall. The key area for improvement going forward was the ongoing maturing and development of the oversight of sustainability matters in light of the pace of change in this area.

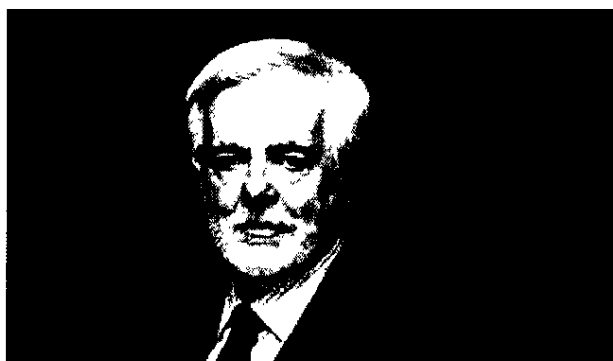


Read our Sustainability Report.  
[woodplc.com/company/sustainability](https://woodplc.com/company/sustainability)



Read the Modern Slavery & Human Trafficking Statement.  
[woodplc.com/modernslavery](https://woodplc.com/modernslavery)

# Nomination Committee



"In 2021, the Committee focused on Board and senior management succession planning, independence of non-executive directors and the effectiveness of the Board and its leadership. The Committee was also active in progressing Wood's inclusion and diversity strategy. Two new independent non-executive directors were appointed in 2021."

**Roy A Franklin**  
Chair, Nomination Committee

## Committee meetings in 2021

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

### Membership

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

Brenda Reichelderfer and Susan Steele were appointed to the Committee in March 2021. Mary Shafer-Malicki stepped down from the Committee in May 2021 following her 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.

### 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
- Monitoring non-executive director independence and external appointments

### Work of the Nomination Committee

The purpose of the Committee is to lead the process for Board appointments, ensuring formal, rigorous and transparent procedures and making recommendations to the Board to ensure plans are in place for an orderly succession to both the Board and senior management positions.

The Committee oversees the development of a diverse pipeline for succession.

The Committee also regularly reviews the composition of the Board sub-committees, the independence of the non-executive directors and external appointments.


The Committee held five formal meetings during 2021 and focused on Board appointments, succession planning and inclusion and diversity.



### Board appointments

In 2021 the Committee recommended the appointment of Brenda Reichelderfer and Susan Steele as non-executive directors.

Brenda and Susan were appointed on 31 March 2021 following a process which had commenced in 2020 utilising Russell Reynolds, a global recruitment consultant firm that assists Wood on recruitment for Board and senior level positions. Russell Reynolds provides no other services to Wood and is considered independent of the Company and the Board.

Selection criteria were agreed with a preference for 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 and Susan, both US nationals, and believe their experience would contribute to and significantly strengthen the Board. The Committee unanimously recommended to the Board their respective appointment as non-executive directors with effect from 31 March 2021.

 Read the Nomination Committee Charter at:  
[woodplc.com/nomcommittee](http://woodplc.com/nomcommittee)

 Face to face  
 Video conference

## Governance

### Nomination Committee continued

#### Independence

The Nomination Committee also regularly reviews non-executive director independence. After careful consideration, the Board confirmed that, at 31 December 2021, 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.

The Committee noted that Thomas Botts, a non-executive director, will have served on the Board for nine years in 2022. The Committee noted the Governance Code requirements regarding non-executive director tenure, including potential impairment of independence, and accordingly considered his position as a non-executive director. Accordingly, it was agreed that he will step down from the Board at the 2022 AGM.

#### 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 2021, Roy Franklin was appointed to the board of Kosmos Energy, which is listed on the New York and London stock exchanges and, in October 2021, was appointed to the board of Energean plc, which is listed on the London stock exchange. Prior to these appointments, Roy had resigned from the boards of Premier Oil PLC and Energean Israel Ltd respectively. In light of the previous reductions to his external commitments, these appointments were considered and approved by the Board. Roy continues to devote time and commitment to his role as Chair of Wood and of this Committee.

In August 2021, Robin Watson was appointed to the board of the Institute of Directors, such appointment having been considered and approved by the Board. Robin continues to devote time and commitment to his role as Chief Executive of the Company and is considered a full-time employee.

During the year, two non-executive directors reduced their external commitments. Jacqui Ferguson concluded her three-year term as a founding member of the Scottish First Minister's Advisory Board for Women and Girls and Susan Steele stepped down as an independent director of Harvard Bioscience, Inc.

#### 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 Executive Leadership Team considers the adequacy of the Group's succession plans below the Board and executive level and provides updates to the Committee.

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 coordinated. The Committee monitors the development of the executive leadership and management teams 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 and the Committee monitors ongoing development plans in relation to potential internal candidates.

Where no internal candidates with suitable skills and experience are identified to fill vacancies, the Committee will consider external candidates and during 2021, Korn Ferry, a global leadership and talent consulting firm that assists Wood on recruitment for Board and senior level positions, assisted the Committee to identify potential external candidates for senior positions. Korn Ferry provide no other services to Wood and we consider it independent of the Company and the Board.

In September 2021, we welcomed Ken Gilmartin to Wood and to the Executive Leadership Team and, after a hand-over period, he assumed the position of Chief Operating Officer on 1 October 2021.

In November 2021, Lesley Birse joined the Executive Leadership Team as Executive President – People & Organisation, progressing from her previous position as President – People & Organisation for our Operations business unit.

At the end of December 2021, Dave Stewart, formerly Chief Operating Officer and Sue MacDonald, formerly Executive President – People & Organisation, stepped down from their respective roles and from the Executive Leadership Team and retired.

The Committee recognises that the Board currently has no ethnic minority representation 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 and ethnic backgrounds and is cognitive of personal strengths.

The Company has engaged with the FTSE Women Leaders forum to report the percentage of women's representation at board and senior executive level and with the Parker Review Team at the Department for Business, Energy & Industrial Strategy to report the position with regard to board diversity. The Board considers that Wood's active contribution to such initiatives is important to drive improvements in reporting of industry progress towards more balanced and diverse representation.

### Inclusion and diversity

Wood is committed to its Inclusion and Diversity 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 Committee proactively seeks regular updates on and continues to monitor the implementation of the inclusion and diversity strategy framework, including:

- roll-out of conscious inclusion training to all Wood employees
- improved gender and ethnic diversity representation in senior leadership roles and across the organisation
- development of employee initiated and led networks to provide platforms for our employees to connect, learn and to share views, and also to provide feedback on what Wood is doing well and to recommend improvements. Our employee networks are open to everyone in the Company's global community
- the development of leadership champions at all levels who help drive Wood's I&D activities, championing those in under-represented groups. Our I&D champions put forward ideas and implement them in a way that shows care and commitment and promotes the conversations we need to have

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 63.

During 2021 the number of female Board members was at least one-third and at 31 December 2021 was 40%.

For details of the gender balance of the Board, ELT and leadership teams see page 63.

Wood is committed to remaining an equal opportunities employer.

As an inclusive and equal opportunities employer, Wood gives full consideration to applications for employment from all levels of ability where the requirements of the job can be adequately fulfilled by a person with impairment. Where existing employees become disabled, it is the Company 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.

### External Board evaluation

During late 2020, an independent evaluation of the Board was undertaken by Lintstock, the results of which were reviewed at the November 2020 Board meeting. A number of areas for improvement were recommended which, together with their outcomes, can be found on page 93.

A further evaluation, which was also facilitated by Lintstock, was conducted during 2021 and reviewed by the Board at its November meeting.

The findings of the review were regarded as positive, characterising the Board as one that has successfully navigated a very challenging period during the Covid-19 pandemic.

The top priorities for the Board were identified as:

- discussing and agreeing strategy
- monitoring business performance and execution
- returning to face-to-face meetings and engagement between board members and a so between non-executive directors and the Executive Leadership Team
- focusing on people and succession

The Board's oversight of its committees was rated very highly with committee reports and actions driving the Board agenda forward. The annual committee meeting cycle was well managed, balancing structured cadence and focus.

A separate evaluation of Roy Franklin's performance as Chair was also undertaken by Lintstock. Further details of this, and of the wider Board evaluation, are on page 94.

### 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 ethnic and geographical diversity.

The results of the evaluation of the Safety, Sustainability, Assurance & Business Ethics Committee, the Audit Committee and the Remuneration Committee are included on pages 102, 105, 109 and 112.



Read our Diversity & Inclusion policy at [woodplc.com/diversitypolicy](https://www.woodplc.com/diversitypolicy)

## Audit Committee



"Despite the challenges created by the continued impact of Covid-19 and the extension of working from home arrangements into 2021, the Committee was satisfied that a strong internal control environment was maintained throughout the year."

**Adrian Marsh**  
Chair, Audit Committee

### Committee meetings in 2021

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

#### Membership

Adrian Marsh chaired the Audit Committee throughout 2021. Adrian has recent and relevant financial expertise and is currently Group Finance Director of DS Smith PLC.

Jacqui Ferguson and Nigel Mills served on the Audit Committee throughout the year. In May 2021, Mary Shafer-Malicki stepped down from the Committee prior to her resignation as non-executive director in May 2021. Susan Steele was appointed to the Committee in May 2021 following her appointment as non-executive director.

As Group Chair, Roy Franklin is not a member of the Audit Committee but attended all meetings in 2021 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.

#### Main responsibilities:

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

The Committee met five times in 2021. The social distancing and travel restrictions in place due to Covid-19 meant that most meetings were held by video conference. In addition to the members of the Committee, the CFO, the Group Financial Controller, the Interim President – Internal Audit and the external auditors, KPMG, 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.

The Chair of the Committee also held monthly update calls with the Group CFO and Interim President – Internal Audit.

The President – Internal Audit and the external auditors have the right of direct access to the Chair of the Committee at all times and to meet the Committee without management present.

KPMG continued as auditors of the Group, having been in place since 2018 and the Committee spent time with the auditors during the year understanding their audit approach, the challenges of performing their work throughout 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 2020 Group financial statements including the classification of exceptional items, goodwill impairment reviews, dispensations from Group accounting policies, material provisions, uncertain tax positions and the accounting for significant contracts
- Update on KPMG's 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
- Final review of AFW Synergies, in the context of the long-term incentive plan (LTIP) cycle ending 2021

Read the Audit Committee Charter at [woodplc.com/auditcommittee](http://woodplc.com/auditcommittee)

Face to face

Video conference



### March

- Review and recommendation to the Board for approval of the 2020 Group financial statements and related disclosures
- Review and recommendation to the Board for approval of the going concern and viability statements
- Review of KPMG's 2020 external audit work and audit opinion, including discussion of their key findings and judgmental areas
- Review and approval of the 2020 Audit Committee Corporate Governance Report
- Review of the internal audit annual summary for 2020 and the overall Internal Financial Controls Assessment
- Assessment of external audit effectiveness
- IT security update

### May

- Review with the Projects Business Unit President F&A on the outcome and lessons learned on a material project
- Review of the Group's initial response to the UK Government's consultation by the Department for Business, Energy & Industrial Strategy (BEIS) on Corporate Governance reform and an update on the roll out of an expanded Internal Financial Controls Questionnaire
- Review of internal audit reports and status against the 2021 plan
- Review of KPMG's control observations from their 2020 audit
- Review of KPMG's preliminary audit plan for 2021, along with approval of their engagement letter for the 2021 audit
- IT security update

### August

- Review and recommendation to the Board of the 30 June 2021 Group interim financial statements including key accounting and tax judgements, going concern, goodwill impairment reviews, and classification of exceptional items
- Update on KPMG's 2021 interim financial statements external review findings, review opinion and discussion of their key findings
- Review of Internal Audit's 2020 Themes and Insights report
- Review of internal audit reports and status of 2021 plan
- Reviewed and approved KPMG's 2021 audit plan
- Effectiveness review of internal and external audit
- IT security update

### November

- Review of material upcoming year end accounting judgements and issues
- Update on IT security status and continuous improvement plans from the Chief Information Officer (CIO) and Chief Information Security Officer (CISO)
- Update on the Group's compliance with UK Tax Corporate Criminal Offence (COO) legislation
- Approval of final changes to KPMG's 2021 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 the 2021 plan
- Review and approval of the 2022 Internal Audit Plan
- Audit Committee evaluation

### During the year the Committee focused on the following areas:

#### Financial reporting and significant accounting issues

The Committee focused on the application of our accounting policies and on the areas of judgement and estimation in relation to significant accounting and tax matters.

The primary areas of judgement and estimation considered by the Committee in relation to the 2021 financial statements and how they were addressed are outlined below.

#### 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. The Committee also noted the continuous improvements made to improve both the controls over such contracts and the reporting to the Committee of judgements made and potential outcomes.

#### Impairment reviews

At both half year and the year end, the Committee considered whether indicators of impairment existed and the results of any related impairment reviews. No indicators of impairment of goodwill were identified at 30 June 2021, therefore detailed impairment reviews were not performed at that time. However, the annual impairment reviews as required by Accounting Standards were carried out in relation to goodwill at the year end. The Committee's role is primarily to challenge the significant assumptions and estimates made by management to ensure that they are appropriate and to review the work done in these areas by KPMG, who identified this as a key audit matter.

The Committee challenged and was satisfied with the assumptions used and the results of the reviews, and with the sensitivities disclosed. The significant assumptions were around short and longer-term growth rates, including the enduring impact of Covid-19, the impacts of energy transition on Wood's core markets and discount rates. Sensitivities related to these were performed, further details of which can be found in note 9 of the Group financial statements.

## Governance

### Audit Committee continued

#### 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.

#### Going concern

At both the half year and the year end, the Committee considered the appropriateness of the going concern basis of preparation and reviewed forecasts prepared by management covering a period of more than 12 months from the date of signing of the Group financial statements. These forecasts included the impact of Covid-19 on the short-term outlook for the Group. The Committee was comfortable that the going concern basis remains appropriate.

#### Reporting measures

The Committee reviewed the interim and year end annual reporting, including the use of alternative performance measures (APMs), such as EBITDA, on behalf of the Board. The Committee was comfortable that APMs add to stakeholders' understanding of our financial performance and do not detract from the fair, balanced and understandable presentation of our results. The Committee reviewed and challenged the inclusion of items as exceptional at both the year end and half year, with reference to the Group's policy in this area and taking into account KPMG's view of normal custom and practice. The Committee was satisfied that the items noted were sufficiently material by nature or by size or a combination of both to require separate disclosure, and that all such items had been identified.

#### Review of pensions

The Committee 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, the disclosures made and the results of the reviews.

#### 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 2021, the Group entered into settlement agreements which brought resolution to the investigations by the Serious Fraud Office (SFO), US Department of Justice (DoJ), US Securities and Exchange Commission (SEC), the Brazilian authorities and the Crown Office & Procurator Fiscal Service (COPFS) in Scotland.

These matters were covered in full by the provisions reflected in the 2020 financial statements as described in note 20 Provisions. The Committee reviewed and approved the accounting for this settlement, and related disclosures in the 30 June 2021 interim financial statements.

#### Current and deferred tax balances

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

In the Income Statement, these can have an impact on both the tax charge and the operating profit. The Committee receives a detailed written report on taxation matters at each meeting.

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.

#### FRC review of energy and carbon reporting

During 2021 the Financial Reporting Council (FRC) included our Annual Report and Accounts to 31 December 2020 in the sample for their thematic review of streamlined energy and carbon reporting (SECR) disclosures. Based on their review, there were no questions or queries that they wished to raise with the Company regarding our SECR disclosures. The FRC have requested that we note that this was a limited scope review in accordance with Part 2 of the FRC's Corporate Reporting Review Operating Procedures. The review is based on the annual report and accounts and does not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into. It is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

#### 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 was informed by regular updates from the Interim President – Internal Audit 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 a continued focus on improving the controls in place around bidding, estimation and forecasting in certain capital projects in the Projects Business Unit and smaller businesses which have not yet been integrated to the Group's common ERP system and shared services model. Having been impacted by Covid-19 in 2020, the project to establish a common ERP and shared service platform resumed in the second half of 2021 and has been combined with the initiation of the planning and design of an Oracle Cloud instance. An improving and maturing control environment for entities hosted in the common ERP environment and serviced by the shared service centres was noted in 2021.

The Audit Committee considered the enduring impact of employees working from home in response 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.

The Audit Committee was acutely aware of the pressure and stress which the business has been under over the recent period and the inherent risk this places on governance. Whilst the business has responded to this with the creation of new governance roles deployed within the divisions it was agreed in November that a deputy CFO would be appointed to further strengthen the Group team and to relieve some of the pressure on the Group CFO. It was felt that this, in combination with the governance roles, would further enhance the overall control environment.

#### IT security review

The responsibility for reviewing IT security is delegated to the Audit Committee. At the November Committee meeting, the Committee received a presentation from the CIO and CISO who provided a cyber security update which reflected an improving and maturing cyber readiness posture. The presentation also included the results of the annual cyber security assessment audit, independently carried out by Ernst & Young.

The audit provided the results of the assessment that was carried out during 2021 and noted that the maturity level had increased against a landscape of increasing cyber risk.

### Internal audit

Monitoring the activity of the Group Internal Audit function is an agenda item at each Committee meeting. The Interim President – Internal Audit 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.

In 2021, recognising the importance of ESG matters, an increasing number of audits focused on sustainability items such as modern slavery and human rights and variable people compensation elements. For 2022, the focus of Internal Audit continues to be extended to include further ESG related audit topics. The approach to a number of audits has also been updated for the 2022 plan in order to ensure more efficient delivery in response to the increased use of shared services throughout the group and the associated impact on the design and operation of the internal control environment.

During 2021, EY have continued to be the provider of strategic IT internal audits, under the supervision of the Interim President – Internal Audit. Any other internal audits that require specialist knowledge or language skills outside of the internal audit team's abilities, are outsourced as appropriate.

The Chair of the Committee and other Committee members hold private discussions with the President – Internal Audit as necessary during the year outside the formal Committee process.

The Chair of the Committee also periodically meets with the Chief Ethics and Compliance Officer and Group General Counsel and the Committee takes comfort from the internal processes that allow employees to raise concerns and to the extent that they relate to financial matters will also receive the output of any internal investigations and can, if considered appropriate, require an external investigation to be conducted.

### External audit

KPMG are the Group's auditor and were appointed in 2018 after a tender process.

During 2021 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. During 2021, following consultation with and with agreement from the Company, KPMG changed the lead partner for the audit from Catherine Burnet to Paul Glendenning. Paul was not previously involved in the Wood audit. In addition, an annual exercise to seek feedback from around the Group on the effectiveness of the external audit process was performed and debrief meetings were held to ensure opportunities to improve the process were captured and incorporated into the 2021 external audit plan.

### Appointment and independence

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

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

In accordance with UK regulations and to help ensure independence, the auditors adhere to a rotation policy based on Auditing Practices Board standards that require the Group audit partner to rotate every five years. As noted above the lead partner was changed by KPMG during the year. Catherine Burnet was lead audit partner for three years prior to this change.

The Board approved the Committee's recommendation that KPMG be reappointed for the 2022 audit.

Accordingly, a resolution proposing the appointment of KPMG as the Group's external auditor will be put to shareholders at the 2022 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 Chair considers and approves fees in respect of non-audit services provided by the external auditors in accordance with policy and the cost of non-audit services provided in 2021 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.

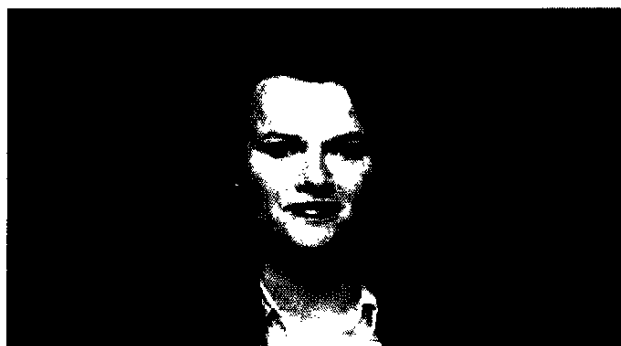
Overall the Committee was considered to be operating effectively.

### Delay of year-end results

On 21 February 2022 the Company announced a delay was necessary to finalise the Company's reported results and to conclude the year-end audit process with the Company's auditor, KPMG LLP. The delay was required to allow an external investigation and review to be undertaken, principally in relation to the historical carrying value of the Aegis Poland project contract and the process by which this was determined, which supplemented an internal review initiated following concerns raised internally.

This review was concluded, and Wood's 2021 full year results will be announced on 20 April 2022. The Committee reviewed the results of the external investigation, the auditor's comments on the investigation and audit work carried out during the period of the investigation, and the accounting treatment of the Aegis Poland project. The Committee concluded that no changes to the historical carrying value of the project were required and the \$99m exceptional charge was appropriately recorded in 2021. Whilst no immediate actions were required following the investigation, the Committee will take account of the findings of the review in its continuing work on the effectiveness of the Company's internal control environment. It was also agreed that the Chair of the Board and the Audit Chair would jointly review the Board oversight governance framework and make any recommendations for further refinement to the Board in due course.

# Remuneration Committee



"We continue to ensure that reward reflects the wider stakeholder experience whilst balancing the need for motivation and retention."

**Jacqui Ferguson**  
Chair, Remuneration Committee

## Committee meetings in 2021

	<b>V</b>	<b>V</b>		<b>V</b>			<b>V</b>			<b>F</b>	
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec



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### \*Audited

Unless otherwise noted, the remaining sections of the Annual Remuneration Report are not subject to audit.

 Read the Remuneration Committee Charter at [woodplc.com/remcommittee](http://woodplc.com/remcommittee)

 Face to face  
 Video conference

## Membership

During 2021, the Remuneration Committee comprised of the following independent non-executive directors; Jacqui Ferguson (Chair), Mary Shafer-Malicki, Nigel Mills and Brenda Reichelderfer. Mary retired from the Committee and Board as a non-executive after nine years of service on 13 May 2021, replaced by Brenda Reichelderfer who joined the Committee on 31 March 2021. All members of the Committee are considered independent and short biographies can be found on pages 88 to 89.

## Main responsibilities:

The Remuneration Committee advises the Board on executive remuneration and sets the remuneration packages of each of the executive directors within the approved Directors' Remuneration Policy. The 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 Policy and its application, ensuring alignment of incentives and rewards with the wider workforce, global remuneration trends, and culture at Wood.

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

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

In setting 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.

## 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 employee share plans. 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.

### Discretion in decision making

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.

To enhance the rigour in which performance is reviewed the Committee utilises the discretionary matrix when assessing bonus and long-term incentive plan outcomes. As with all Committee decisions (in line with section 172 of the Companies Act 2006), we reflect on the experience of all stakeholders through the course of plan performance periods. A copy of the framework can be found at: [woodplc.com/discretionarymatrix](http://woodplc.com/discretionarymatrix)

### Committee meetings in 2021

During 2021, the Committee met five times to discuss remuneration issues and the operation of the Directors' Remuneration Policy. Additional meetings were held in January & February to determine variable reward outcomes for 2020 which were approved at the 2020 AGM. There was full Committee attendance at each meeting. The Committee has a regular schedule of agenda items in addition to other matters. The following matters were considered during the year:

Matters considered	Feb	Mar	May	Aug	Nov
Policy application for year ahead: annual salary review & retention – executive directors and Chair of Board, ensuring alignment with wider workforce		D			I
ABP: future year performance measures for all participant plans, team & personal objectives for executive directors and executive leadership team	I	D			I
Review projected outcomes for previous performance periods for ABP and LTIP	I	D			
LTIP: future year arrangements, risks, impact of windfall gains and performance measures for all participant plans & executive directors	D				I
Variable reward: ongoing review of performance against targets for executive directors and all participants			I	I	I
ABP & LTIP: Deferred and/or discretionary awards review and approval		D			
Wider workforce focus - overview on a range of matters including reporting (pay equity and UK gender pay gap reporting), UK real living wage, wellbeing focus, share plans, benefits, pensions, spot bonus, annual salary review, employee engagement and reward engagement framework	I	I	I	I	I
Incentive plans summary		I	I	I	I
Annual general meeting preparation			I		
Preparation of annual remuneration report and sign off; determine stakeholder engagement	I	D		I	D
Review ELT and Company Secretary remuneration including new appointments, discretionary awards, and annual review			I	I	D
External market update from advisors including update on investor guidelines; emerging legislation, best practices, current thinking			I	I	I
Review proposals for Long Term Incentives including introduction of restricted stock for the wider workforce			I	D	I
Committee performance, review effectiveness, charter, and objectives – review of current year and determination of following year	D				D
Share dilution and management: discussion and approval	I	D			

**D** Decision made

**I** Inform, discuss and planning

## Remuneration

### 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 and considered as part of the remuneration process ensuring that remuneration decisions are aligned with their experience and underpinned by feedback and supported by data on the composition, remuneration, engagement, retention, and diversity of the workforce.

In 2021, the Committee attended a Listening Group Network call with employees to gather feedback on how they feel about their own reward, shared how executive remuneration is aligned to wider workforce remuneration, and provided an update on wider workforce practices and improvements. In February 2022, the Committee are attending reward focus groups following feedback from the results of the annual employee engagement survey to directly hear from employees on their experiences of working at Wood. 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. More information on wider workforce remuneration considered by the Committee can be found from page 116.

#### 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 £72,310 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 Committee, Deloitte provided other services in 2021, 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 77, Lintstock undertook a review of the Committee during the year. The performance of the Committee continues to be positively rated overall. Going forward the committee will further focus on finding the right balance between UK investors remuneration requirements and the dynamics of the global talent market and the wider stakeholder experience. In addition, the Committee will focus on strengthening engagement with executive directors on remuneration matters and continuing to maintain effective target setting and ensuring effective planning ahead of the 2023 Policy renewal. 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 Committee advisors.

We have continued to proactively engage with and listen to our shareholders during 2021 where appropriate and were appreciative of the level of support for our voting resolutions in 2021. The Committee, as always, is thankful for the time and considerations conveyed by our stakeholders and trusts that the proposed application of the Policy detailed in this report demonstrates we continue to listen and act on any 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 2021 AGM voting in respect of our remuneration matters and our voting outcome in respect of the 2020 Directors' Remuneration Policy.

Item	AGM date	Vote For (including Discretionary)	Vote Against	Votes Withheld*
Advisory vote on the 2020 Remuneration report	13 May 2021	544,291,523 (97.74%)	12,591,917 (2.26%)	2,530,912
Binding vote on the 2020 Directors' Remuneration Policy	29 June 2020	485,497,628 (90.14%)	53,097,415 (9.86%)	1,494,302

#### Notes to the statement of shareholder voting

\* A vote withheld is not a vote in law and is not counted in the calculation of the percentage of votes 'For' or 'Against' a resolution.

## Chair's Letter

### Dear Shareholder

I am pleased to present, on behalf of the Board, the annual report on remuneration for the year ending 31 December 2021. This year we were delighted to welcome Brenda Reichelderfer to the Committee at the end of March 2021 and say thank you to Mary Shafer-Malicki who retired from the Board on 13 May 2021 after nine years of service. 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. We continue to ensure that reward reflects the wider stakeholder experience whilst balancing the need for motivation and retention.

In 2021 we introduced an Environmental, Social and Governance (ESG) framework on performance measures for our short and long-term variable incentive plans as we believe they challenge our business, our people, and our clients to do better and to create a better tomorrow and support our ambitions and delivery of our sustainability report. The Committee is not proposing any material changes to the operation of the Policy in 2022, and we thank you for the support you showed us in 2021, with a vote of 97.74% for the annual report on remuneration at the Annual General Meeting.

The delay in publishing the end of year accounts resulted in additional communications being provided to participants in the annual bonus and long-term incentive plans, informing them of the delay and potential changes to vesting dates. The Committee determined not to make any final decisions on outcomes for plans ending 31 December 2021, and not to release any deferred awards from the annual bonus in 2019, until the final results were known, in line with governance best practice.

### Considering our stakeholders

2021 remained a challenging year with the ongoing impact of Covid-19 affecting many of our people, who continued to work from home where possible. Although the business made some limited use of the UK Government's furlough scheme until 31 July 2021, all monies received in the year have been paid back. Our people's wellbeing remained a priority, with the Committee regularly updated on progress of initiatives such as global wellbeing champions, the Employee Assistance Program, and the internal wellbeing SharePoint site.

During the year we increased the Committee's involvement in engagement activities with the wider workforce, supported by the internal reward team, as detailed in the people section of this report. We remain 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 116 for more details. We were delighted that Wood achieved Real Living Wage employer accreditation in the United Kingdom in November 2021, for both direct employees and all contracted workers, and that we are supporting Aberdeen City as an ambassador, in its ambition to become a Real Living Wage city. Pay equity remains a focus, and we were pleased to receive positive feedback from the workforce on progress being made, although we recognise there is still more to do.

In 2021, demonstrating our continued focus on creating an inclusive and diverse workforce, female representation in senior leadership roles increased to 33% from 31%. Wood also progressed to 100th position in the FTSE Women Leaders review, from 118th position. Further information on our continued progress and actions taken can be found in our People section on page 64.

We took the difficult decision not to pay a dividend in 2021 and have seen a reduction in our share price from £3.102 (closing mid-market price on 31 December 2020), to £1.911 (closing mid-market price on 31 December 2021). The Committee has been mindful of the share price performance when determining remuneration outcomes as well as the employee and other stakeholder experiences.

### Remuneration and performance outcomes for 2021

The application of the Remuneration Policy in 2021 continued to focus management on achieving long term value for the business. Assurance of these achievements against targets set out below have been carried out by internal audit, validated independently by the SSABE Committee, with a further external audit carried out by KPMG, following the end of the financial year. The Committee did not make any adjustments to performance targets for ABP or LTIP plans during the year.

### Annual Bonus Plan

2021 market conditions were challenging, compounded by the pandemic and management have continued to work hard to improve the business. The Committee was therefore mindful with how to fairly recognise achievements, whilst balancing the experience of wider stakeholders. Having carefully considered outcomes and stakeholder experiences, using the discretionary matrix, introduced in 2021, the Committee has decided to reduce the formulaic bonus outcomes for the bonus 2021 by 58.21% to 15% of maximum. Whilst management has made progress against personal and team objectives (see page 122), and positioned Wood for future growth, we believe this is an appropriate response, from the perspective of all stakeholders, given Wood's financial performance, continued suspension of the dividend, employee experience and the overall business context.

### Long Term Incentive Plan (LTIP)

Performance measures for 2019-2021 LTIP were relative Total Shareholder Return (TSR), against a select group of peer companies, at a 50% weighting; gross margin improvement, at a 25% weighting; and overhead percentage improvement, also at a 25% weighting. These targets were disclosed to shareholders at the time of grant. Despite continued challenging conditions due to the Covid-19 pandemic and fall in activity, management achieved the overhead percentage improvement by reducing our overheads to 11.2% at the end of 2021, from 12.7% in 2018. This results in full award for this measure. Targets for TSR and gross margin improvement were not achieved and therefore there is no award for these measures. The outcome results in 25% overall achievement, with vesting in March 2024 for the executive directors, following the end of the additional two-year holding period. In considering this outcome, the Committee reviewed the wider stakeholder experience, including the value of any vested shares from the time of grant to realisation of the award which has reduced in line with shareholder experience. We believe the performance from the executive directors and the management team in achieving overhead percentage improvements during this challenging period of time warrants achievement of this measure at 25%.

## Remuneration

### Chair's Letter continued

#### Proposed policy application for 2022

Full details of our proposed implementation of the Directors' Remuneration Policy for 2022 can be found on pages 132 to 133. The Committee will consider the announcement of Robin Watson's decision to retire as Chief Executive and the impact on his remuneration arrangements. The Committee will ensure that decisions taken in relation to his exit arrangements are in line with the current Policy. Details of the exit arrangements will be disclosed at the appropriate time.

The Committee has continued to review remuneration with a view to strategy, culture, and delivery of shareholder value. The table below shows how our proposed application aligns with our strategic value outputs for investors, our people, clients, and communities.

#### Salary and benefits

In January 2022 we increased the base salary for both executive directors by 2.5%, in line with the wider workforce in the UK. This increases Robin Watson's base salary to £806,880, from £787,200, and David Kemp's to £511,024 from £498,560. As a reminder, neither executive director received an increase to base salary in 2021, and both elected to take a voluntary 10% reduction in base salary for nine months in 2020. There is no change to benefits provided since our last report. As disclosed in our previous annual report and Policy, executive directors' pension contributions aligned to those of the wider workforce from 1 January 2022, ahead of the Investment Associations' target date of 31 December 2022; in the United Kingdom this is 9%.

#### Annual Bonus Plan

To incentivise executive directors to deliver in the year ahead, 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 133. In line with last year, other performance measures will be a measure of profit at 30%; cash generation at 30%, and an ESG framework at 10%.

		Annual bonus plan					Long term incentive plan					Underpins	Other		
		EBITDA	Cash generation	Serious injury and fatality (SIF)	Safety leadership engagement	Employee engagement improvement	Corporate and personal objectives	TSR	EBITDA margin % improvement	Revenue growth	Carbon emission reductions	Improvement in leadership gender diversity	Discretionary matrix	Holding periods	Shareholding
Remuneration link to strategic value outputs															
For Investors	Total shareholder return	●	●					●	●	●			●	●	●
	Growth and cash generation	●	●						●	●			●		
For our people	Rewarding careers and employee retention					●	●		●	●	●	●	●	●	
	A workplace where different backgrounds, experience and expertise are welcomed and celebrated				●	●	●				●	●			
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				●							●			



### Long Term Incentive Plan

The performance measures are proposed to remain the same as 2021 and be relative TSR, EBITDA margin percentage improvement, revenue growth, and an ESG framework, weighted 50%, 30%, 10% and 10% respectively. These measures remain key strategic priorities aligned with value generation for our shareholders, incentivise business growth through higher margin services, and support our sustainability plan. Although the Board has approved the commencement of a sales process for our built environment business, for the purposes of target setting we have assumed that this business remains part of the Company for the duration of the performance period, and we will adjust targets at a future date assuming the sale takes place. Full details, along with the threshold and maximum targets, can be found on page 132.

We determined to anchor participation levels on 200% of salary for the Chief Executive and 175% for the CFO. However, having carefully considered the material reduction in share price during 2021, and feedback received, the Committee believed it appropriate to reduce participation levels for 2022 by 20%. This results in a participation level of 160% of salary for the Chief Executive and 140% for the CFO. As in previous years, and detailed in the Policy, no portion of these awards is released until five years from grant, further aligning shareholder and executive interests. We will monitor share price performance during 2022 and anticipate reverting to the normal participation levels of 200% and 175% of salary respectively in 2023. However, as a result of the announcement of the Chief Executive's decision to retire, the Committee has determined not to award in LTIP 2022-2024 as the usual 18-months service required in the Plan will not be realised.

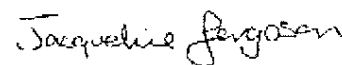
In recognition of concerns in attracting, motivating, and retaining key talent due to our history of low outcomes for achievements in LTIP, in 2022 we are introducing a restricted stock plan for those eligible leaders below the Executive Leadership Team. We believe this model better aligns to the cyclical nature of our business, incentivises our people to deliver our strategic ambitions, and is globally market competitive.

### Policy renewal in 2023

In 2022 we will undertake the review of our Directors' Remuneration Policy, due for renewal in 2023, and will proactively engage with key investors to ensure long term alignment with shareholders.

I trust that in the report for 2021 we have clearly explained our application and intentions regarding future implementation of the Directors' Remuneration Policy, and I look forward to your support on the relevant resolution.

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



**Jacqui Ferguson**  
Chair, Remuneration Committee

## Workforce reward

With 40,000 inquisitive minds, united by our common purpose to unlock solutions to the world's most critical challenges, our people enable us to achieve our purpose, and 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.

### Fair and equitable reward

#### Gender pay

Our 2021 gender pay gap report included results across five UK entities (5,587 employees). Consistent with previous years, we are confident that our gender pay gap does not reflect an equal pay issue but continues to be because of gender distribution across occupations and job levels, consistent with industry peers. In 2021, the pay gap reduced to 26.1% from 27.7%, whilst the bonus gap increased from 4.6% to 38.2%. During the same time, female representation decreased across our UK business from 25% to 23%, consistent with pre pandemic levels reported in 2019. Proportionally 7.5% of females and 7.5% of males received a bonus, however the shift in the bonus gap is driven by the fact that there was no bonus paid to managerial and leadership levels in 2021, for the 2020 performance year. Non managerial bonus payments made were to several offshore and site employees, who are all male, with these bonus values and eligibility often driven by our clients and collective agreements.

We continue to focus our efforts on pay equity – fairness of pay for those carrying out the same job, in the same location, with the same skills and experience, regardless of diversity. 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.

We are committed to continuing to improve gender balance with a target of 40% female representation in senior leadership roles by 2030; on 31 December 2021, we had 33% female leaders, up from 31% in 2020. The FTSE Women Leaders Review report, measuring female leadership representation in the FTSE 350 for Board, ELT, and direct reports, published in February 2022, showed that Wood has improved to 100th position from 118th position, with 40% of our Board and 24.2% of our combined executive committee and direct reports represented by women. More information can be found in our People section of the report.

#### Pay equity

Wood is committed to transparent, internally fair, and externally competitive reward. Our reward roadmap launched in 2020 set out the steps towards greater transparency and includes global pay equity reporting which was implemented in 2021. All line managers have access to pay equity reporting tools to facilitate individual pay assessments, carry out pay equity analysis by country, job family, department, grade, and gender, against our established reward frameworks. We continue to monitor the external market and continue to step ahead of emerging legislation and trends, whilst ensuring compliance with current legislation.

#### Pay ratio of the Chief Executive

The pay ratio of the Chief Executive continues to reflect the Company's internally fair approach to pay through aligned and consistent frameworks. Total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce which Wood employs, assisting with an above average UK pay ratio.

#### Employees at snapshot date

**5,587**

#### Mean gap/median gap pay

**26.1%** **34.6%**  
mean median

#### Gender balance

**77%** male **23%** female

#### Mean gap/median gap bonus

**38.2%** **67.4%**  
mean median

Read our full gender pay gap report at:  
[woodplc.com/genderpay](https://www.woodplc.com/genderpay)

#### Real Living Wage Accreditation UK

In 2021, Wood was proud to become an accredited Living Wage employer, ensuring that our UK workforce and regular supply chain workers will earn at least the Real Living Wage, representing our commitment to ensuring everyone is paid a fair wage that meets the costs and pressures they face in their everyday lives while working for Wood. A living wage directly advances several of the Sustainable Development Goals (SDGs):



More information on these activities can be found on pages 58-63

Read more at  
[woodplc.com/livingwage](https://www.woodplc.com/livingwage)



## Employee engagement

As part of our reward roadmap, we continue to focus on increasing engagement, ensuring decisions are people led and that our people are kept informed. In November the Committee again participated in our Listening Group Network call with a focus on reward. Additional engagement was carried out by the reward team through our existing employee networks and Yammer to educate, engage and inspire our people on reward matters. We also continued to enhance our focus on reward engagement through our employee survey and continued to monitor results from local reward surveys and committee led engagement activity. Throughout the year, we listened to our people and identified three themes as key areas of focus:

**Is my contribution rewarded fairly compared to others?**

- Completed a pay equity project which reviewed in detail over 3,000 positions in engineering, engineering design, & project management across 6 countries taking steps where required to ensure fair and equitable pay
- We launched real time, live pay equity reporting in our people systems available to line managers and linked with our Inclusion & Diversity agenda

**Is the process for deciding my pay fair?**

- We continued to complete job mapping for around 30,000 employees, aligning to our established global job framework and grading structure
- We built our salary bands into our systems for over 10 countries, allowing managers direct access to the information required to make effective reward decisions
- We rolled out better visibility of our annual salary review process and learning hub content to our people, using our systems to enhance process, confidence and knowledge to aid effective decision making

**How am I treated in the decision making process?**

- We provided our key business leaders with pay equity training to enhance knowledge and accountability, enabling them to have quality conversations with their people
- We focused our employee engagement survey reward questions on how our people are treated, to identify key focus areas for 2022 and will establish reward focus groups to build on this. 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
- We launched our reward engagement framework, setting out the tools available for employees to get involved in reward decision making.

## Sharing success

We are committed to ensuring that our people benefit from the collective success of Wood and are rewarded for their commitment to delivering our vision, values, and purpose. In 2021, we continued to offer our Employee Share Plan (ESP) and as mentioned in last year's report, we introduced a new Share Incentive Plan (SIP) for our UK workforce. Both plans offer employees the chance to own a stake in the future of Wood, along with the ability to benefit from matching shares and dividends.

In 2022 we are extending the ESP offering to eligible employees in Brunei and Kuwait and we will also be moving to an "evergreen" SIP in the UK allowing our employees the flexibility to join the plan at any time throughout the year, subject to eligibility.

In 2021 we introduced 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 pages 58 to 63.

We continue to engage with our workforce around the best ways to share success and included this topic in our global employee engagement survey. As we continue to analyse the results from the survey, we will also be setting up employee focus groups in Q1 2022 to continue the conversation with our people.

### Summary of 2021 enrolment:

**27,629**

eligible employees

**17**

countries

**9**

languages of inclusive communications and materials

**2,793**

enrolled (10.1% of total eligible)

**23%**

SIP enrolment (15% in 2020)



## Remuneration

### 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](http://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
<b>Salary</b> 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.
<b>Benefits</b> 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.
<b>Retirement related benefits</b> 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. As previously reported, executive directors were also aligned to receive 9% employer pension contributions from 1 January 2022; their previous contribution was 15%.
<b>Annual Bonus Plan (ABP)</b> 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 3.6% of the global employee population.
<b>Long Term Plan (LTP)</b> 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.  In 2022 we will move to a time-vested restricted stock model for eligible participants beyond the Executive Leadership Team to support retention and build momentum for future growth whilst ensuring alignment of variable pay in the form of shares and moving to be more consistent with global markets. The executive directors and the ELT will remain on the existing LTIP performance-based plan.  LTP participation typically applies to circa 0.83% of the global employee population.
<b>Employee Share Plans</b> 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) and/or Share Incentive Plan (SIP).
<b>Shareholding requirements</b> To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	Shareholding requirement policy applies to executive directors only, including requirement to hold shares post-employment. Post-employment shareholding does not apply to any other employee.  Other senior employees hold share awards as part of deferral and retention requirements of variable remuneration plans.

## 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. 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 the parameters for all components of executive remuneration, including maximum award levels, 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. In line with the usual cycle the Committee will put a revised Policy to shareholders again no later than the AGM in 2023.

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:

<b>Clarity</b>	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.
<b>Simplicity</b>	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 each performance period, to drive positive behaviours and business performance.
<b>Proportionality</b>	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.
<b>Predictability</b>	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.
<b>Alignment to culture</b>	Incentive plans are linked to business strategy, overall performance, and growth through a mix of financial and nonfinancial targets. They reward those who exemplify behaviours which align to our purpose, culture and values, aiding delivery of our strategy.
<b>Risk</b>	<p>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. Under this Policy if the Board decides to operate Malus in respect of a Policy Award, the Policy Award will lapse, be reduced, be cancelled and/or be forfeited to the extent determined by the Board. If the Board decides to apply Clawback in relation to a Policy Award, to recover amounts to which Clawback will apply, the Company has the right to (or to procure that another person will):</p> <ul style="list-style-type: none"> <li>• lapse, reduce, cancel, or forfeit cash or shares which may be or otherwise become due to the Participant under any Award; and/or</li> <li>• reduce the amount of any future Award to be granted to the Participant; and/or</li> <li>• forfeit in whole in or part cash or shares being held on behalf of the Participant in any retention arrangement in connection with any Plan, and/or</li> <li>• make a deduction from any payment otherwise due to the Participant, to the extent permitted by law; and/or</li> <li>• claim repayment of an amount directly from the Participant (in cash or shares) which the Participant must repay on receipt of a written request.</li> </ul>

 The Directors' Remuneration Policy with updated scenario charts to reflect our proposed application of the Policy for 2022 can be found at: [woodplc.com/rempolicy](https://www.woodplc.com/rempolicy)

## Remuneration

# Executive directors' remuneration

### Single figure of remuneration and outcomes 2021\*

The following table sets out the single figure of remuneration received or receivable (£000's) in the year for each of the executive directors. No remuneration for either executive director was waived during the year.

	Year	Salary <sup>(a)</sup>	Benefits <sup>(b)</sup>	Bonus	Long term incentive <sup>(c)</sup>	Pension related benefits <sup>(d)</sup>	Total	Total fixed remuneration	Total variable remuneration
Robin Watson	2021	£787	£14	£207	£134	£118	£1,260	£919	£341
Robin Watson	2020	£728	£14	£0	£354	£118	£1,214	£860	£354
David Kemp	2021	£499	£14	£112	£74	£75	£773	£587	£186
David Kemp	2020	£461	£14	£0	£202	£75	£752	£550	£202

#### Notes to the single figure of remuneration

a. Salary received during the year

b. Taxable benefits received during the year. These include transportation allowance and private medical cover.

c. The share price used to calculate the LTIP value is £191, the closing mid-market share price on 31 December 2021 and vesting date of the award. The share price at grant was £5.69, the value shown is not as a result of share price growth.

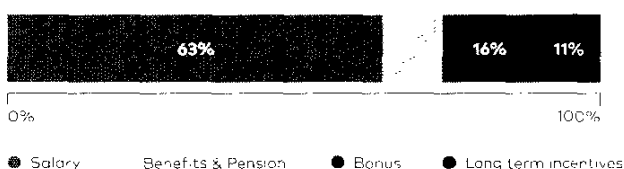
d. Pension figure reflects cash value of defined contribution pension contribution or cash alternative, as detailed in the next section.

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 and bonus and long-term incentives) is £2,032,988.

The aggregate amount of Company contributions to executive directors' pension schemes was £40,000.

#### Robin Watson



#### David Kemp



### 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 pensions contributions; David Kemp chose to receive his full pension entitlement as a cash allowance. As detailed in the last two annual reports, pension entitlements for the existing directors have aligned to that of the wider workforce of 9% in the UK from January 2022.

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

### Bonus

For 2021, the maximum bonus opportunity was 175% of base salary for Robin Watson and 150% for David Kemp. Bonus measures were split between financial, ESG 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)



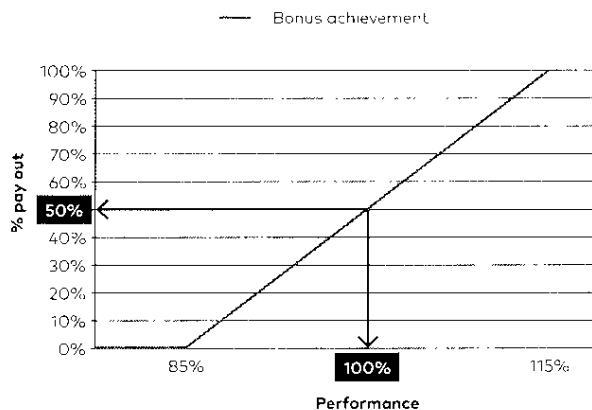
To assure achievement outcomes against targets within variable incentives, performance is considered and approved by the Safety, Sustainability, Assurance and Business Ethics Committee (SSABE), with a further external independent audit carried out following the end of the financial year as appropriate.

### Financial measures and outcomes

Financial measures for the bonus year which ended 31 December 2021 consisted of:

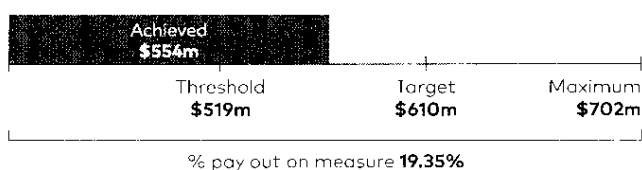
- Profit target – we used EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) as our metric of success
- A cash generation target – this was based on pre-tax cash from operations before exceptional items

In response to the high degree of uncertainty around the shape and timing of the recovery in our markets post Covid-19 and oil price volatility, threshold performance for 2021 was 85% of the target set, with maximum bonus 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 as illustrated in the following graph:



A summary of the financial targets and achievements are set out below:

#### Profit (EBITDA)



#### Cash generation



Note: Illustrations not to scale

### ESG measures and outcomes

ESG measures were included in the bonus plan from 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. ESG measures accounted for a total 10% of the maximum bonus opportunity and comprised of three Key Performance Indicators, equally weighted. To provide assurance of achievement outcomes against targets, performance is considered and approved by the Safety, Sustainability, Assurance and Business Ethics Committee (SSABE).

Measure	Target & payment	Achieved
<b>Total Recordable Incident Rate</b> (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	Not met - 0% payout  Due to the tragic fatality during the year management proposed that this element of the bonus be waived regardless of outcome
<b>Successful delivery of Safety Intervention Programme</b>	Success criteria: Cultural maturity assessment <sup>1</sup> conducted to establish benchmark; Intervention to be conducted in selected low performing areas, 90-day improvement plans to be completed; and cultural maturity re-assessment to be conducted in Q4 2021, demonstrating improvement against benchmark If this KPI is achieved, 333% will be paid; if it is not fully achieved no payment will be made	Fully achieved - 100% payout
<b>Active, demonstrated leadership in educating and inspiring 100% of our colleagues to be inclusive every day, resulting in positive, sustainable change.</b>	Conscious inclusion training to be completed for employees Payment for this KPI is based on number of employees who have completed training between threshold and maximum (34,580 employees)	Fully achieved - 100% payout  Additional inclusion and diversity activities can be found in the people report on pages 58 to 63

## Remuneration

### Executive directors' remuneration continued

#### Corporate / personal objectives and outcomes

Stretching objectives relating to corporate and personal objectives focused on the delivery of strategic plans are weighted as 30% bonus opportunity. The achievement of objectives is considered by the Chair of the Board and the 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.

Individual performance objectives		
Executive Director	Objective	Achievement
Robin Watson	<b>Sustainable delivery against the strategic plan:</b>  Reposition Wood within energy transition and infrastructure markets, establishing a strong, differentiated competitive position; <i>enduring, value added client relationships</i> ; and a healthy sales pipeline in these growth markets of the future	Lack of market momentum in 2021 led to challenges, but momentum in the year saw our order book up 19% YoY at December 2021  Proactive management to de-risk our projects portfolio to help improve the quality of our business.  Strategic options considered and worked on included the proposed divestment of the Consulting built environment business, and the subsequent future positioning of Wood. The strategic review of the built environment business was endorsed by the Board in November.  Existing and future client relationships enhanced via our thought leadership activities at CoP 26, consolidating our position as global leaders in energy transition and industrial decarbonisation
	<b>Project execution:</b>  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	The re-organisation of the company was completed in late 2020, with a planned 18 month transition, including delivery of execution excellence in projects  During 2021 we de-risked our Projects portfolio with a focus on improving the quality of our business in the future.  2021 was however, another year of disappointing financial performance overall from some principal lump-sum turnkey projects within this portfolio, with the knock-on effect on cash generation, through working capital outflow.
	<b>Operating model and OpCom delivery:</b>  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.	OpCom established with Operations Excellence framework and reporting developed and implemented. High Value Engineering Centres (HVEC) usage steadily risen through year, resulting in increased margin opportunities and efficiencies  Project Management Academy fully established and operating effectively with over 5,000 participants completing training throughout the year.
	<b>ESG and sustainability programme leadership:</b>  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	ESG and sustainability plans have progressed very well in 2021 and ESG dashboard both well received and delivered against. Sustainability embedded within the standing Board governance as a formal charter addition to SSABE. Good progress made against gender leadership targets, with 33% female leaders (to ELI 3) at year end, versus 31% at end 2020. Wood also increased to 100th position, from 118th, in FTSE Leaders Review. In carbon emission targets, in 2021 we recorded more than a 50% fall against our baseline year, influenced by an unprecedented and unique set of circumstances as Covid-19 restrictions and headcount reductions. This is not a sustainable emissions reduction and in years 2022/23 we will inevitably see year-on-year increases in emission as we head out of the pandemic. We are confident however that we will reach our 2030 targets, as outlined in our sustainability report.  Top quartile agency rating continues, ESG further embedded through 2021 in our IR positioning.
	<b>Active risk management and business ethics leadership:</b>  <ul style="list-style-type: none"> <li>Actively mitigate Company principal risks aligned to the Group Risk Management programme</li> <li>Continue to manage Crisis Management Team and Covid-19 related risks through 2021</li> <li>Close out the case management portfolio through the Investigations Oversight Committee, and conclusion of cases with Regulatory authorities</li> <li>Deliver against Ethics &amp; Compliance improvement programme (related to case management close-out) through 2021</li> </ul>	The primary risk process, risk committee and Board assessment and discussions around key risks and risk management continue to be very good and a well-established part of the executive and Board governance cadence  Crisis Management Team delivery has been very effective through 2021 with active management reducing risks such as those created by the ongoing pandemic challenges  E&C improvement around anti-bribery and anti-corruption (ABAC) has been captured with the establishment of the ABAC Programme, which is aligned to our SFO and DOJ Deferred Prosecution Agreement Obligations. The ABAC Programme has made excellent progress in 2021 and is delivering against objectives. The ABAC Programme will continue for the 3 years of our Deferred Prosecution Agreements and has started to improve our active E&C risk management process.



Corporate performance objective		Achievements
<b>Develop and deliver against the Future Fit programme:</b>		Project plan delivery against agreed objectives and updates provided to the Board at regular intervals. Future Fit programme successfully completed with associated savings. Key highlights included.
<ul style="list-style-type: none"> <li>Clear work-stream project plan and overall programme plan to deliver against objectives</li> <li>Ensure governance of programme via executive sponsorship and accountability for delivery across the future fit workstreams</li> <li>Deliver financial targets of the plan, including requisite improvement to the bottom line</li> </ul>		<ul style="list-style-type: none"> <li>Establishment of new organisational model with new chief operating officer position and operating committee</li> <li>Operations assurance programme embedded</li> <li>Improvement in digital &amp; technology through creation of D&amp;T partnerships, connected worker and digital twinning</li> </ul>
<b>Leadership effectiveness:</b>		Continued investment in the ELT development framework, with three sessions completed in 2021 remotely
<ul style="list-style-type: none"> <li>Assess and continuously improve ELT 'team health' in a measured manner (independent assessment of the ELT development programme)</li> </ul>		The sustained period of financial challenge, lack of personal interface, pandemic turbulence, and general pressure on delivery was challenging for the ELT
		ELT succession plans implemented due to Dave Stewart and Sue MacDonald's planned retirement. Ken Gilmartin, an external hire, joined as COO, and Lesley Birse, internally promoted, joined as executive president, P&O, both were comprehensively on-boarded.

Individual performance objectives		
Executive Director	Objective	Achievement
David Kemp	<b>Drive success of related Future Fit programme including F&amp;A functional deliverables:</b>	F&A functional plan fully delivered. Key items included migration of Houston and Alpharetta shared service centres to Delhi with annualised benefits c\$7m. Oracle programme reshaped with move to Oracle Cloud. Programme approved & underway with design
	<ul style="list-style-type: none"> <li>Deliver F&amp;A functional plan</li> <li>Promote and support delivery of overall plan</li> <li>Reshape Oracle plan</li> <li>Redesign reporting structures</li> <li>Recut budget and targets</li> <li>Reconsider internal investment in line with constraints</li> </ul>	Budgets recut to support new organisation
	<b>Capital structure and financing:</b>	Financing strategy developed, agreed with Board, and executed extending the maturity of the Group's debt facilities by securing a \$600m UK£F backed term loan, and a \$1.2bn sustainable RCF; both maturing in 2026 and linked to our energy transition related strategy
	<ul style="list-style-type: none"> <li>Maintain financing strategy adapting to changing conditions</li> <li>Execute agreed financing strategy ensuring business maintains sufficient liquidity, sufficient covenant headroom and meets audit requirements</li> <li>Propose and agree 2021 dividend strategy with Board</li> </ul>	As part of underlying leverage challenge developed strategic options considered and worked actively included the proposed divestment of the Consulting built environment business, and the subsequent future positioning of Wood. The strategic review of the built environment business was endorsed by the Board in November.
	<b>Investor engagement:</b>	Challenging IR progress during most of year against a backdrop of disappointing business performance and cashflow / debt concerns. However, significant engagement with major shareholders and analysts undertaken in respect of the strategic review of the Consulting built environment business, announced in November 2021. Sentiment to the strategic review and subsequent announcement of the proposed sale of the built environment business was largely positive
	<ul style="list-style-type: none"> <li>Enhance opportunity for increased market capitalisation via improved share price performance</li> <li>Build and communicate a clear and compelling, sustainable investment case via effective repositioning and differentiation of the Wood brand from traditional peer group</li> </ul>	Due to internal succession, new President IR appointed and onboarded
	<b>Regulatory investigations and litigation management:</b>	Government investigations by the SFO, DOJ, SEC, Crown Office and Procurator Fiscal of Scotland and CGU and MPF in Brazil progressed and concluded
	<ul style="list-style-type: none"> <li>Through governance structure, provide leadership to SFO, DOJ, SEC and COPFS investigations</li> <li>Active management of current and emergent litigation risks; efficient and effective litigation management, active balance of cost vs return</li> </ul>	Major Review Boards developed for significant litigation and Ethics and Compliance investigations and driven through the organisation, enhancing governance over such litigation and investigations

## Remuneration

### Executive directors' remuneration continued

#### Bonus award achievement summary

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

Name	% achieved			Total bonus % achieved
	Financial targets	ESG targets	Corporate and personal objectives	
Robin Watson	5.81%	6.67%	23.4%	35.88%
David Kemp	5.81%	6.67%	23.4%	35.88%

2021 remained a challenging year. Using the discretionary decision matrix for guidance, the Committee consider the experience of all stakeholders during the performance period, including customers, investors, suppliers, and the wider workforce, supported by reports from audit and SSABE:

- Customer feedback remains positive with our order book up 19%; our overall win and sold gross margin improved
- The Board took the difficult decision not to pay a dividend and our share price reduced by 38% year on year, using the closing mid-market price on 31 December 2021.
- We continued to develop closer relationships with suppliers, including category agreements with key suppliers. We gained support and buy in with 2021 revisions to the Supplier Code of Conduct, the Modern Slavery and Human Trafficking Statement, and the implementation of the real living wage in the UK. We also supported our suppliers by implementing a method to help them gain access to payment earlier.
- In the wider workforce we increased gender split in our leadership levels to 33%, up from 31%, and increased our ranking to 100th, from 118th in the FTSE Leaders Review; we have also demonstrated that we have no gender bias in our pay equity reporting. We have continued growth in all inclusion and diversity activities, including training nearly 37,000 employees in conscious inclusion to demonstrate leadership in educating and inspiring 100% of our colleagues to be inclusive every day. The six listening group network meetings, hosted by members of the Board and executive leadership team, and detailed on page 61, ensured we listened to and acted on the feedback from our people.
- Due to the tragic fatality during the year, the Total Recordable Incident Rate measure was not achieved, but there was good delivery across the business in our safety intervention programme.
- Assurance of achievements against measures was carried out by internal audit, validated by the SSABE and Assurance Committees, with further external independent audit carried out by KPMG, following the end of the financial year.

A full copy of the discretionary decision matrix can be found at [woodplc.com/discretionarymatrix](http://woodplc.com/discretionarymatrix)

The Committee believes that management has taken positive steps to position Wood for future growth despite difficult trading conditions. Although good performance was achieved in some areas, having considered all factors, the decision has been taken to reduce the formulaic bonus outcome by 58.21%, resulting in 15% of maximum bonus being realised.

75% of any award will be paid in cash in March following the end of the performance year, with the remaining 25% deferred into a conditional award of nil-cost shares for a further two years with continued employment a requirement to receive the deferred payment, other than for those classified as good leavers as detailed in our Remuneration Policy. Our malus and clawback provisions safeguard the Company against future risk in relation to this award.

#### Robin Watson

Final bonus payment:

**£206,523**

Final award as % of salary: 26%

(Original pre-discretion amount  
£494,184 - 63% of salary)

Final award as a % of  
max bonus opportunity



15%

#### David Kemp

Final bonus payment:

**£112,113**

Final award as % of salary: 22%

(Original pre-discretion amount  
£268,271 - 54% of salary)

Final award as a % of  
max bonus opportunity



15%

### 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 2019-2021, the performance period for which ended on 31 December 2021. The participation level for Robin Watson was 200% and for David Kemp was 175%.

To provide assurance of achievement outcomes against targets within variable incentives, performance is considered and approved by the Safety, Sustainability, Assurance and Business Ethics Committee (SSABE), with a further external independent audit carried out following the end of the financial year as appropriate.

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 2019-2021, including the weightings of the performance measures and the extent to which they were achieved, are set out in the table below.

Financial measures	Weighting	Threshold	Maximum	Achieved	Award %
TSR <sup>a</sup>	50%	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile	Below 25 <sup>th</sup> percentile	0%
Gross margin improvement (growth from 2018 to 2021)	25%	9%	19%	-30%	0%
Overhead percentage improvement (reduction)	25%	2021 performance of 12.3%	2021 performance of 11.9%	11.6%	100%

#### Notes

- <sup>a</sup> Total Shareholder Return (TSR) is a measure of the growth in John Wood Group PLC (JWG) share price plus dividends and other shareholder returns over the period, performance is measured relative to a peer group of comparative companies. Each company is ranked and JWG's position in this group used to measure success.

### TSR Peer Group Companies for LTIP 2019-2021

The TSR peer group for the performance period comprised of the following companies - Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, McDermott, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip FMC, Tetrattech, 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 acquirer's share price. If a company has not been in for half of the performance period, then it will be removed and not replaced.

### LTIP award achievement summary

Wood did not achieve the threshold for TSR or gross margin improvement, so zero award is due on these measures. The third measure, to reduce overhead as a percentage of revenue, achieved maximum performance. The team made a huge effort to achieve this target, which was disclosed externally, in difficult circumstances. The achievement against this measure was independently assured for appropriate governance.

The Committee considered this performance against the experience of stakeholders over the performance period, using the discretionary matrix for guidance, as detailed on page 111. The absolute value delivered to executive directors as a result of this performance is reduced to reflect that more than 66% of value has been lost since the date of the grant (with the opening share price being £5.69, and the closing mid-market share price on 31 December 2021, £1.91), demonstrating clear alignment to shareholder experience. This level of vesting applies to 329 employees who participated in the 2019-2021 LTIP, reflecting the contribution of the wider leadership team towards the achievement of the overhead improvement target. Retention remains a significant concern for our critical talent; recent low LTIP vesting levels, zero bonus for 2020, and share price reduction means that many of our key people have limited shares, at reduced value, that they would forfeit if they left employment with Wood. Taking all these factors into account, supported by the process using the discretionary decision matrix and considering provisions in the malus and clawback policy, the Committee determined that the LTIP award of 25% of maximum is appropriate and no additional use of discretion is required. Our malus and clawback provisions safeguard the Company against future risk in relation to this award.

A full copy of the discretionary decision matrix can be found at [woodplc.com/discretionarymatrix](http://woodplc.com/discretionarymatrix)

## Remuneration

### Executive directors' remuneration continued

#### 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 during 2021. These related to 2021 LTIP awards which will be for the performance period 2021 – 2023 as detailed in our previous report. As disclosed in last year's report and in line with our Policy, performance measures are based on relative TSR (50% weighting), EBITDA margin percentage improvement (30% weighting), revenue growth (10% weighting) and an ESG framework (10% weighting). For TSR and ESG measures, 25% becomes payable on reaching threshold; for EBITDA, margin percentage improvement and revenue growth measures, 10% becomes payable on reaching threshold; and for all measures 100% becomes payable on reaching maximum.

These awards will continue to be monitored for windfall gains and the Committee can apply discretion as appropriate at the end of the performance cycle, informed by the discretionary decision matrix

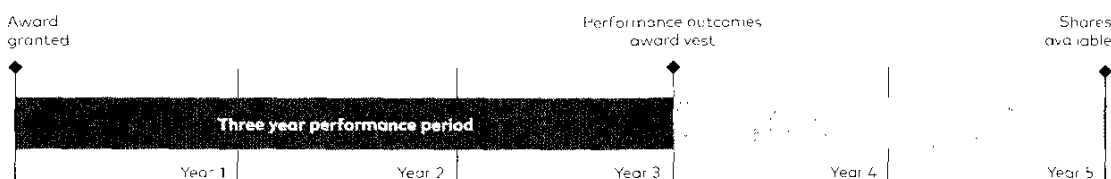
Executive director	Type of award	Participation level	Salary relevant to performance cycle	Face value of award <sup>(a)</sup>	Performance period	Holding period for 100% of award	Dividends
Robin Watson	Conditional award of shares awarded under the LTP	200%	£787,200	£1,574,400	1 Jan 2021 – 31 Dec 2023	Two years from vesting	Dividend equivalents are paid on the vesting date based on the number of vested shares at the end of the performance period.
David Kemp		1/5%	£498,560	£872,480			

#### 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 £3.17 as at 1 January 2021

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.

## Statement of directors' shareholding and share interests\*

### Share interests

The table below sets out the total number of shares held by each executive director as at 31 December 2021, with and without performance conditions; the declaration includes shares held by connected persons as defined for the purposes of section 96B (2) of the Financial Services and Markets Act 2000. Where applicable the figures include interest in retained long term plan awards.

Changes in the shareholding of directors between 31 December 2021 and 19 April 2022 are related to permitted purchases under the Wood employee share plans. Robin Watson and David Kemp acquired an additional 9,568 and 6,099 shares respectively during this period.

None of the executive directors had a material interest in any contract, other than a service contract, with the Company or any of its subsidiary undertakings.

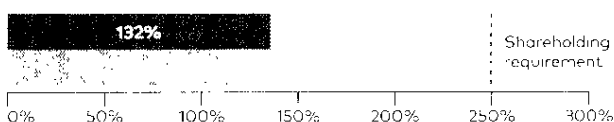
Beneficial interest	Shares owned outright as at 1 January 2021	Shares owned outright as at 31 December 2021	Unvested share awards		
			Share interests without performance conditions	Share interests with performance conditions	Vested unexercised
Robin Watson	371,126	464,819	169,902	1,127,271	-
David Kemp	93,778	132,184	95,403	625,038	-

### Shareholding requirements

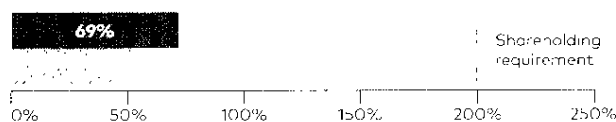
The revised Remuneration Policy approved at our 2020 AGM requires the Chief Executive to hold shares valued at 250% of base salary and the other executive directors to hold shares valued at 200% of base salary. There is no time period in which they must achieve the requirement. The extent to which each director met the shareholding guidelines as at 31 December 2021 is shown in the chart and tables below shown as two separate calculations (neither include shares held by connected persons as per shareholding requirements detailed in our Policy)

- Calculation 1: Shareholding and shares not subject to any further performance conditions but may be subject to other conditions such as continued employment
- Calculation 2: Shareholding not subject to any further performance or other conditions

#### Robin Watson



#### David Kemp



● Calculation 1      ■ Calculation 2

### Notes to shareholding guidelines achievement

Shareholding is calculated using the closing mid-market share price on 31 December 2021 of £1.911 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.

Although neither executive director has reached their required shareholding, this reflects that the LTIP performance has resulted in minimal outcomes over the last five years, compounded by the fall in share price.

To assist in achieving the shareholding requirement both executive directors continued to purchase shares over and above any awards earned during their employment via the Employee Share Plan (ESP) and the Share Incentive Plan (SIP), with both continuing to contribute 10% of their salary on an ongoing basis and deducted monthly. Cumulatively, as of 31 December 2021, Robin Watson had invested £289,931, and David Kemp £76,433. Robin has also paid over £613,000 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.

### Post-cessation shareholding

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 controls in place post-cessation. Post-cessation controls will be managed through the online system provided by our third-party stock administrator.

## Remuneration

### Executive directors' remuneration continued

#### Share interests

Details of executive directors' interests in long term incentive and bonus plans as at 31 December 2021; 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 2021	Granted in 2021	Exercised in 2021	Lapsed in 2021	Dividends awarded as additional share options	Number as at 31 December 2021
<b>Robin Watson</b>											
LTP	2018 - 2020	N	March 2023	0	-	206,865	-	-	103,433	10,632	114,064
LTP	2019 - 2021	Y	March 2024	0	-	263,611	-	-	-	-	263,611
LTP	2020 - 2022	Y	March 2025	0	-	367,310	-	-	-	-	367,310
LTP	2021 - 2023	Y	March 2026	0	-	0	496,350	-	-	-	496,350
ABP 2018	01 March 2019	N	March 2021	0	£2.48	46,922	-	49,976	-	3,054	0
ABP 2019	01 March 2020	N	March 2022	0	-	55,838	-	-	-	-	55,838
<b>Total</b>						<b>940,546</b>	<b>496,350</b>	<b>49,976</b>	<b>103,433</b>	<b>13,686</b>	<b>1,297,173</b>
<b>David Kemp</b>											
LTP	2018 - 2020	N	March 2023	0	-	118,048	-	-	59,024	6,067	65,091
LTP	2019 - 2021	Y	March 2024	0	-	146,084	-	-	-	-	146,084
LTP	2020 - 2022	Y	March 2025	0	-	203,893	-	-	-	-	203,893
LTP	2021 - 2023	Y	March 2026	0	-	0	275,061	-	-	-	275,061
ABP 2018	01 March 2019	N	March 2021	0	£1.83	26,230	-	27,937	-	1,707	0
ABP 2019	01 March 2020	N	March 2022	0	-	30,312	-	-	-	-	30,312
<b>Total</b>						<b>524,567</b>	<b>275,061</b>	<b>27,937</b>	<b>59,024</b>	<b>7,774</b>	<b>720,441</b>
<b>Total for all executive directors</b>						<b>1,465,113</b>	<b>771,411</b>	<b>77,913</b>	<b>162,457</b>	<b>21,460</b>	<b>2,017,614</b>

#### Notes to incentive plan interests table

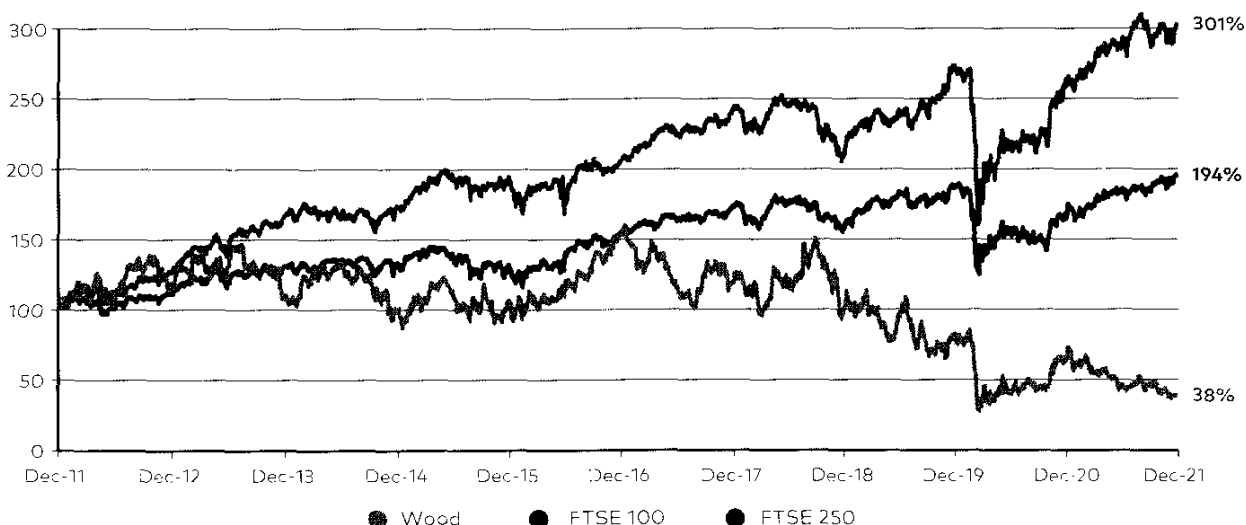
For LTP 2018-2020 ABP 2018 and 2019, awards vest and are available to exercise after a two year deferral period.

For all awards, 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.

#### 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.



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	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Chief Executive	Allister Langlands	Bob Keiller	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson
CEO single figure of total remuneration (£'000)	£2,276	£199	£1,624	£1,330	£1,146	£1,179	£1,417	£1,875	£1,690	£1,214	£1,260
Annual bonus award as a % of maximum opportunity	76%	75%	60%	48%	37%	43%	59%	88%	62%	0%	15%
Long term incentive vesting rates as a % of maximum opportunity	100%	25%	79%	51%	16%	25%	11%	0%	0%	50%	25%

#### Notes to Chief Executive remuneration table

Allister Langlands was appointed Chairman 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

In line with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the below table illustrates the percentage change in remuneration for the Chief Executive, Chief Financial Officer, and non-executive directors as per the single figures reported each year and all other employees within the group. This table will accumulate over a five-year rolling period.

Change in executive directors and employee remuneration reflects the reinstatement of the voluntary 10% pay reduction on 1 January 2021. There was no inflationary increase to pay applied across the workforce between 2020 and 2021. Change in employee benefits is impacted mainly by the operational nature of our self-funded medical plans in the US, which have returned to pre-pandemic claim levels and the increase in the global cost of healthcare provision; the dip in claim levels during the peak of the pandemic was due to our employees voluntarily putting some medical treatment and claims on hold. In addition, we continue to experience modest changes in premiums for our non-US employees, but there has been limited change to Company funded benefit provision in line with executive directors. No bonus was awarded for 2020, therefore a 100% change has been reported reflecting the reintroduction of bonus awards for executive directors and the wider workforce in 2021.

There was no change to fees for non-executive directors between 2020 and 2021 however the percentage increase in fees reported reflects the reinstatement of the voluntary 10% reduction with effect from 1 January 2021 and changes to the Board participants during 2020, as previously disclosed in our 2020 report. Jacqueline Ferguson's remuneration change reflects the reinstatement of full year fees and Remuneration Committee Chair fees in 2021 from the reduction in 2020. Chair fees were only received from appointment in July 2020 in the previous year. Birgitte joined the Board in March 2020, the percentage change reported reflects the change to full year. Fees for Nigel Mills increased to full year fees as non-executive director and Senior Independent Director (SID), having been appointed as SID from July 2020 and to the Board in May 2020. Brenda Reichelderfer and Susan Steele did not receive any remuneration in 2020 therefore no change has been reported.

For further commentary of year-on-year changes, refer to previous annual remuneration report disclosures.

		2019 - 2020			2020 - 2021		
		Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
All Employees		-1%	7%	-100%	3%	16%	100%
Executive directors	Robin Watson	-3%	0%	-100%	8%	0%	100%
	Davia Kemp	-3%	0%	-100%	8%	0%	100%
Non-executive directors	Roy Franklin	47%			7%		
	Adrian Mars	36%			8%		
	Thomas Botts	-8%			8%		
	Jacqui Ferguson	0%			15%		
	Birgitte Brinch Madsen				24%		
	Nigel Mills				42%		
	Brenda Reichelderfer						
	Susan Steele						

#### 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 all participants of the Annual Bonus Plan.

In line with regulations, pensions and long term incentives are not required to be included in this table.

Non-executive directors do not receive benefits or bonuses.

The percentage increase in executive director salary and non-executive director fees reported between 2020-2021 reflects the reinstatement of the voluntary 10% reduction with effect from 1 January 2021.

## Remuneration

### Executive directors' remuneration continued

#### 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. Option B (utilising gender pay gap data as at 5th April 2021) is used to identify best equivalents for the calculation for simplicity, consistency and alignment across our external disclosures, and includes all UK employees. We believe that the best equivalents are 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 for maximum clarity.

The Committee believes that the pay ratio results reflect the Company's internally fair approach to pay through aligned and consistent frameworks. The total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce which Wood employs, assisting with an above average pay ratio. We continue to monitor year-on-year changes to the pay ratio as they continue to fluctuate with the evolution of our workforce through integration, divestment, and acquisitive growth. The value of salary and total pay reported between 2020 and 2021 has increased, reflecting reinstatement of voluntary pay reductions, and impacted by the exclusion of furlough employees, who typically had lower hourly earnings, and were not included in our gender pay gap data in line with guidance from the Government Equalities Office. We are confident the pay ratio remains relatively static reflective of aligned remuneration application between executive directors and our wider workforce.

Year	Method	Ratio of Chief Executive pay to employee pay					
		25 <sup>th</sup> percentile		Median		75 <sup>th</sup> percentile	
		Ratio	Value (000s)	Ratio	Value (000s)	Ratio	Value (000s)
2021	Option B	Salary	19:1	£41	13:1	£62	11:1
		Total pay	28:1	£45	18:1	£68	15:1
2020	Option B	Salary	19:1	£38	14:1	£54	11:1
		Total pay	29:1	£42	18:1	£66	15:1
2019	Option C	Salary	24:1	£32	18:1	£42	13:1
		Total pay	48:1	£35	36:1	£46	25:1
2018	Option C	Salary	20:1	£34	14:1	£49	11:1
		Total pay	50:1	£38	35:1	£53	26:1

#### 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 using the Option B calculation method.

#### Relative importance of spend on pay

The table below is provided to assist shareholders in assessing the relative importance of the Company's spend on pay. It contains details of the remuneration paid to or received by all employees of the Company as well as the value of distributions to shareholders by way of dividends and share buyback over the previous two years. The figures displayed in this table are impacted by movements in the number of employees each year.

Item	2021 (\$m)	2020 (\$m)	Difference (\$m)	% change
Remuneration paid to or received by all employees	3,169.6	3,399.9	(230.30)	(6.77%)
Distributions to shareholders by way of dividend and share buyback	0	0	0	0



## Illustrations of future application of Remuneration Policy

As detailed in the Remuneration Policy, 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 a greater link between Company performance and individual reward.

### Pay mix chart

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

#### Robin Watson Chief Executive

Maximum value £2.31m



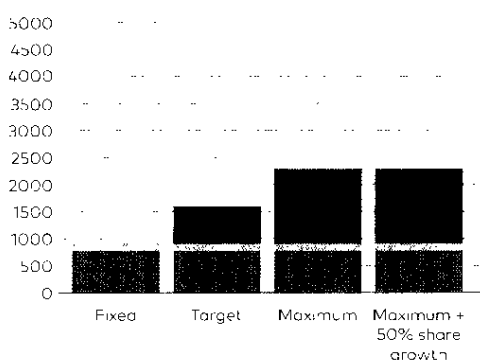
#### David Kemp CFO

Maximum value £2.05m

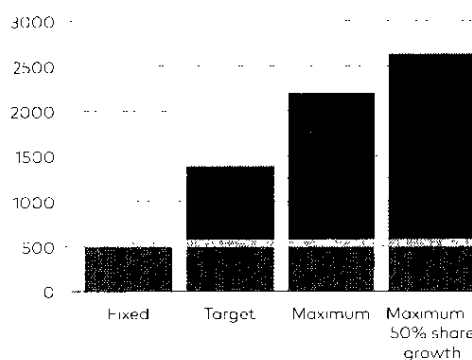


The charts below provide an indication of the level of remuneration, as a value, which could be received by each executive director under the Remuneration Policy as a fixed value, target and maximum performance, as well as an illustration of maximum plus 50% share price growth. These charts are for illustrative purposes only and actual outcomes may differ from those shown.

#### Robin Watson Chief Executive (£000's)



#### David Kemp CFO (£000's)



### 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 2022
- Benefits is the last known figure as set out in the single figure of remuneration table for 2021
- Pension related benefits are based on 9% 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 2022 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 2022 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary of 140% for the CFO and no 2022 LTIP grant for the Chief Executive due to the announcement of his retirement. For reasons of clarity, any dividend accrual has been excluded from the charts above.

**Fixed** - It has 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.

## Remuneration

### 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 2022. 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](http://woodplc.com/rempolicy)

#### Base salary

Base salaries will increase by 2.5% for both executive directors in line with the average increase applied to our wider workforce in the UK. Robin Watson's annual salary will be £806,880; and David Kemp's will be £511,024 from 1 January 2022.

#### Benefits

There will be no change to benefits for 2022. The executive directors will continue to participate in existing benefit arrangements in line with the agreed Remuneration Policy.

#### Pensions

As previously communicated, both executive directors will align to the allowance in place for the wider UK workforce (9%) from 1 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 and UK SIP, with contributions of up to 10% of gross salary, subject to plan rules.

#### Shareholding requirements

As detailed in line our remuneration policy, shareholding requirements are 250% for the Chief Executive and 200% for all other executives

#### LTIP awards

Participation levels in 2022 will be 140% for David Kemp. The number of shares granted will be based, as usual, on the 20 days trading average price as at 1 January 2022. Due to the announcement of Robin Watson's retirement, he will not receive a 2022 award.

The performance measures will be relative TSR, EBITDA margin improvement, revenue growth and an ESG framework. All measures are key strategic priorities aligned with value generation for our stakeholders. Our ESG measures align closely with our long-term sustainability goals to reduce our carbon emissions (carbon scope 1 and 2) by 40%, and our target of 40% female gender representation by 2030.

The TSR peer group was reviewed by the Committee and for 2022 will remain unchanged to include: Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip Energies, Technip FMC, Tetratex, Worley and WSP. McDermott has been removed from the TSR group for 2021 and 2022 due to no longer being listed on the London Stock Exchange.

The weightings and targets for each of the performance measures are detailed below. No award will be made for less than threshold performance; for TSR and ESG measures 25% becomes payable on reaching threshold and 100% is payable on reaching maximum performance; for EBITDA margin improvement and revenue growth, 10% becomes payable on reaching threshold and 100% payable on reaching maximum performance. As in prior years, assurance of achievements against measures will be carried out by internal audit and validated by the SSABF Committee and external auditors as appropriate.

Performance Measure	Weighting %	Targets	
		Threshold	Maximum
TSR	50%	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile
EBITDA margin percentage improvement	30%	8.8%	9.6%
Revenue growth	10%	\$7.3bn	\$8.2bn
Carbon emission reductions	5%	7%	15%
Improvement in leadership gender diversity	5%	35.0%	36.0%

Given the current share price, the Committee is mindful and will monitor these awards for windfall gains over the vesting period and continue to make use of the discretionary matrix in line with stakeholder experience as appropriate.

### 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 bonus measures will be split between financial, an environmental, social and governance (ESG) framework measures and non-financial, in the form of corporate/ personal milestones with a balance of 60% Financial, 10% ESG and 30% corporate and personal objectives 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 ESG framework will comprise of three Key Performance Indicators, equally weighted: serious injury and fatality (SIF); delivery against leadership safety engagement; and improvement in employee engagement score through active demonstrated leadership in improving employee engagement, resulting in positive, sustainable cultural change. Measures and targets for the ESG have been approved and will be overseen by the SSABE Committee. Performance for SIF and leadership safety engagement will be also tracked via the HSSE global dashboard.

Financial measures will remain EBITDA and cash generation for 2022, with threshold performance being 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.

As in prior years, assurance of achievements against measures will be carried out by internal audit and validated by the SSABE Committee and external auditors as appropriate.

The Committee set the targets for the annual bonus plan for the year ending 31 December 2022 at its meeting in April 2022. 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 corporate and personal objectives is outlined below.

### Corporate objectives

#### Strategic plan

- Develop initial refreshed strategy for Wood post the sale of our built environment business, including options for the use of proceeds

#### Develop Voice of the Customer program

- Develop Voice of the Customer Program with comprehensive metrics to enable strong customer focus.

#### Leadership effectiveness

- Planning and transition for ELT succession and organisational development
- Further develop groupwide culture of strong customer and innovation focus

### Personal objectives

#### Robin Watson

**Continued delivery against the Group strategic cycle:** Provide mechanisms for delivering against the Group strategy and demonstrate continued tactical progress, including:

- Delivery of the sale of built environment
- Restructuring of the business following the sale of built environment
- Embedding new consultancy and S&D leadership teams
- Key customer KPIs for engagement, satisfaction, and growth
- Further develop digitisation strategy

**Projects business unit:** Continue to mature our projects business through growth and appropriate risk management

#### ESG and sustainability:

- Continue to deliver the sustainability programme
- Embed our sustainability credentials with the market through the organisational changes due to sale of built environment and restructuring of business
- Continue to deliver against our ESG dashboard and commitments

#### Active risk management and business ethics leadership:

- Actively mitigate company primary risks aligned to the Group Risk Management programme
- Continue to manage Crisis Management Team through business 'normalisation' / hybrid working in 2022
- Handover of ethics & compliance function to Group legal function

#### David Kemp

#### Deliver strategic review of built environment business:

- Implement Board's decision
- Implement sale of business
- Gain shareholder approval

**Contribute to the Group strategy post sale of built environment** taking responsibility for key financial areas including dividend policy

#### Reshape Group's cost base post sale of built environment

- Central and shared cost review and implementation
- Implement F&A actions

#### Capital structure and financing:

- Develop Financing strategy post sale of built environment
- Execute agreed financing strategy ensuring business maintains sufficient liquidity, sufficient covenant headroom and meets audit requirements

#### Investor engagement:

- Proactive engagement with investor community to ensure support and approval of sale of built environment business
- Preparation for capital markets day to outline the new investment case for Wood post the sale of built environment

## Remuneration

# 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 103.

	Year	Total fees (£'000)
Roy Franklin	2021	£280.0
	2020	£259.0
Adrian Marsh	2021	£67.0
	2020	£62.0
Thomas Botts	2021	£67.0
	2020	£62.0
Jacqui Ferguson	2021	£67.0
	2020	£57.2
Birgitte Brinch Madsen	2021	£57.0
	2020	£43.3
Nigel Mills	2021	£67.0
	2020	£38.7
Mary Shafer-Malicki	2021	£21.0
	2020	£52.7
Brenda Reichelderfer	2021	£42.9
	2020	-
Susan Steele	2021	£42.9
	2020	-
Jeremy Wilson (to 29 June 2020)	2021	-
	2020	£36.6

**Note:** Fees include base fee and an additional Committee fees in line with our fee structure and are calculated pro-rata based on the time in the role. Non-executive directors do not receive any taxable benefits which require to be reported.

### Shareholdings\*

Non-executive directors are not permitted to participate in any of the Company's incentive arrangements. The table below details the shareholding of the non-executive directors as at 31 December 2021, including those held by connected persons. Between 31 December 2021 and 19 April 2022, Jacqui Ferguson acquired an additional 1,873 shares. There have been no other changes to non-executive director shareholding detailed below since 31 December 2021.

	Shares owned outright 1 January 2021	Shares owned outright 31 December 2021
Roy Franklin	15,000	15,000
Adrian Marsh	2,000	27,000
Thomas Botts	8,500	8,500
Jacqui Ferguson	7,339	2,272
Birgitte Brinch Madsen	-	5,000
Nigel Mills	-	7,342
Brenda Reichelderfer	-	-
Susan Steele	-	-

### Agreements for service

Non-executive directors and the Chair have an agreement for service with an initial three-year term, at the end of which a rolling agreement takes effect with no fixed expiry date. The agreement for service can be terminated by either party giving 90 days' notice. Non-executive directors and the Chair are subject to annual re-election (or election for new appointments) at the Annual General Meeting, (AGM). The table below details the terms for current directors between the 2021 AGM and expiry of the current term of their agreements if applicable.

	Date of Appointment	Notice period	Current term expiry
Roy Franklin	06 October 2017	90 days	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
Birgitte Brinch Madsen	01 March 2020	90 days	01 March 2023
Nigel Mills	01 May 2020	90 days	01 May 2023
Brenda Reichelderfer	31 March 2021	90 days	31 March 2024
Susan Steele	31 March 2021	90 days	31 March 2024

#### 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.

### Fee structure

The Chair and non-executive director fee structure for 2021 and 2022 are set out below. Following market benchmarking analysis and in line with the wider workforce, the Committee increased the Chair of the Board annual fee by 2.5%; non-executive director fees by 2.6%, and the fees for the senior independent director and chairs of the committees by 3% in recognition of increased workload, effective 1 January 2022. Fees will be reviewed again in 2022 during the annual process. The fee structure reflects the time commitment of Committee responsibilities and ensures we continue to attract and retain from a diverse range of backgrounds.

	2021 fees per annum	2022 fees per annum
Chair of the Board annual fee	£280,000	£287,000
Annual non-executive director fee inclusive of all Committee attendance	£57,000	£58,500
Additional fee for Senior Independent Director	£10,000	£10,300
Additional fee for Audit / Remuneration / Safety, Assurance & Business Ethics Chairs	£10,000	£10,300

### Changes to the Board during the year

#### Directors appointed

Brenda Reichelderfer and Susan Steele appointed to the Board 31 March 2021

#### Directors resigned

Mary Shafer-Malicki retired from the Board on 13 May 2021

# Financial statements

## Group financial statements

The audited financial statements of Wood for the year ended 31 December 2021.

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# Independent auditor's report

to the members of John Wood Group PLC

## 1. Our opinion is unmodified

We have audited the financial statements of John Wood Group PLC ("the Company") for the year ended 31 December 2021 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 155 to 162 and 228 to 229.

### 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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 11 May 2018. The period of total uninterrupted engagement is for the four financial years ended 31 December 2021. 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		
<b>Materiality:</b> group financial statements as a whole		\$40m (2020: \$44m) 0.5% (2020: 0.5%) of revenue
<b>Coverage</b>		80% (2020: 81%) of group revenue
Key audit matters		vs 2020
Recurring risks	Revenue recognition on fixed price contracts	◀▶
	Goodwill impairment relating to projects and operations CGUs	◀▶
	Litigation related provisions and contingent liabilities	◀▶
	Going concern	▲
	US asbestos related claims provision	◀▶
Parent Company recurring risk	Recoverability of Parent Company's investment in subsidiary	◀▶

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<b>Revenue recognition on fixed price contracts</b> (Revenue from lump sum contracts - \$1,695.8 million, 2020 \$2,501.8 million) <i>Refer to page 107 (Audit Committee Report), pages 156 and 158 (accounting policy) and note 2 (financial disclosures).</i>	<p><b>Subjective estimate:</b></p> <p>Long-term, fixed price contracts can include complex technical and commercial requirements and last for a number of years. Recognition of revenue and profit on such contracts relies on estimates involving a high degree of estimation uncertainty which are required to:</p> <ul style="list-style-type: none"> <li>• estimate the forecast costs to complete the contract, as revenue is recognised with reference to the percentage of costs incurred relative to total forecast costs on the contract;</li> <li>• incorporate an allowance in the assessment of contract revenue and costs for technical and commercial risks or costs arising either from customer claims or contract penalties (liquidated damages);</li> <li>• estimate the amount of variation orders that can be claimed under the existing contracts and estimate the proportion of these that satisfies the highly probable revenue recognition criteria for variable consideration; and</li> <li>• appropriately identify, estimate and provide for loss making contracts</li> </ul> <p>In some instances revenue can be recognised where there are variations or claims that modify the contracts with customers however only where these modifications were approved. Assessing whether that approval exists and whether the company has an enforceable right to payment can require judgement.</p> <p>The estimates above impacted revenue of the period, receivables and contract assets, contract liabilities and provisions including those from onerous contracts</p> <p>As a result of the existence of the group's investigation principally in relation to Aegis contract accounting related matters, as reported by the Audit Committee in their report on page 109 ("the investigation"), there is heightened risk of management bias in the fixed price contracts revenue recognition estimates and judgements</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that revenue from fixed price contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. This includes the Aegis Poland contract disclosed in Note 20, which has the single greatest effect on the estimate. The financial statements (page 156 and Note 2) disclose the estimations made by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Historical comparisons:</b> assessed the Group's ability to accurately forecast end of life contract margins by comparing the previous estimates of total forecast costs and variable consideration to final agreed outcomes;</li> <li>• <b>Personnel interviews:</b> 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. The group team conducted additional interviews with both group and component personnel in connection with the investigation including the Group Audit Partner visiting the US components.</li> <li>• <b>Test of detail:</b> for a risk-based sample of contracts, we inspected the contracts and correspondence with customers to verify that where variation orders led to recognition of revenue these were either due to contract modifications that were determined to be approved, or variable considerations that were included in the existing contracts and that were highly probable.</li> <li>• <b>Test of detail:</b> inspected a risk based sample of contracts for key financial clauses, such as liquidated damages, and correspondence with customers. We compared these to assumptions in the forecasts and challenged where different.</li> <li>• <b>Test of detail:</b> 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.</li> </ul>

## Financial statements

### Independent auditor's report continued

#### 2. Key audit matters: including our assessment of risks of material misstatement (continued)

The risk	Our response
<p><b>Revenue recognition on fixed price contracts (continued)</b></p> <p>(Revenue from lump sum contracts – \$1,695.8 million, 2020: \$2,507.8 million)</p> <p>Refer to page 107 (Audit Committee Report), pages 156 and 158 (accounting policy) and note 2 (financial disclosures).</p>	<p>Our procedures included (continued):</p> <ul style="list-style-type: none"> <li>• <b>KPMG specialists:</b> for certain higher risk or larger contracts, including Aegis, we utilised KPMG Project specialists to identify the risks and opportunities associated with the contract and develop a range of possible contract out turns and challenge the appropriateness of revenue recognised and provisions held in relation to these contracts. Our forensic specialists assisted us with procedures connected to the investigation.</li> <li>• <b>Test of detail:</b> for a risk-based sample of contracts we reperformed the calculation of revenue based on percentage of completion, with reference to costs incurred</li> <li>• <b>Test of detail:</b> as a result of the investigation, for a risk-based sample of contracts we performed additional subsequent events procedures to identify any unusual changes in the reported contract positions since the year end.</li> <li>• Supported by our forensic specialists, we participated in the scoping of the investigation, monitored progress throughout, attended interviews, and inspected final reporting from management's external experts leading the investigation, which we evaluated for consistency with our audit findings.</li> <li>• <b>Assessing transparency:</b> assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the estimated revenue.</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described</p> <p><b>Our results</b></p> <p>We considered the amount of revenue recognised on fixed price contracts to be acceptable. (2020: acceptable)</p>



## 2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<p><b>Goodwill impairment relating to Projects and Operations CGUs</b></p> <p>(Goodwill - \$3,999.2 million, 2020: \$4,031.0 million).</p> <p>Refer to page 107 (Audit Committee Report), pages 156 and 159 (accounting policy) and note 9 (financial disclosures)</p>	<p><b>Forecast-based assessment:</b></p> <p>The Group estimates recoverable amounts based on value in use which requires significant estimation in forecasting future cash flows and determining growth rates and discount rates.</p> <p>The conventional energy market conditions continue to be challenging and the COVID-19 global pandemic has severely impacted the global economy. These factors continue to impact the risk of impairment.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill on the Projects and Operations Cash Generating Units (CGUs) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 9) disclose the sensitivity estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Assessing methodology:</b> we assessed whether the principles and integrity of the cash flow model are in accordance with applicable standards.</li> <li>• <b>Sensitivity analysis:</b> we performed our own sensitivity analysis including a reasonably possible reduction in forecast cash flows, alternative higher discount rate assumption and lower revenue growth to assess the level of sensitivity to these assumptions</li> <li>• <b>Our sector experience:</b> 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.</li> <li>• <b>Our sector experience:</b> we challenged the revenue growth assumptions in value in use calculations by comparing management's assumptions of growth in market share against external data (such as GDP and industry sector forecasts where available that reflect current market expectations of the impact of climate on markets).</li> <li>• <b>Our valuation expertise:</b> 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.</li> <li>• <b>Assessing transparency:</b> we assessed whether the Group's disclosures relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate and cash flows reflected the risks inherent in the possible impairment of goodwill</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described.</p> <p><b>Our results</b></p> <p>We found the carrying amounts of goodwill, with no impairment, to be acceptable (2020: Acceptable).</p>
<p><b>Litigation related provisions and contingent liabilities</b></p> <p>(Certain amounts forming part of litigation related provisions - \$93.3million, 2020: \$333.0million)</p> <p>Refer to page 108 (Audit Committee Report), pages 156 to 157, and 161 (accounting policy) and notes 20 and 33 (financial disclosures)</p>	<p><b>Dispute outcome</b></p> <p>A number of significant customer claims are being litigated where the potential exposure could be material. We consider those with a potential exposure greater than \$20 million to be the most significant. The outcome of any such litigations is uncertain and any position taken by management involves significant judgements and estimates.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the provisions and contingent liabilities for litigations has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (notes 20 and 33) disclose the estimations made by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Enquiry of lawyers:</b> 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.</li> <li>• <b>Personnel interviews:</b> 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</li> <li>• <b>Assessing provisions:</b> 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.</li> <li>• <b>Assessing transparency:</b> we assessed whether the Group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group.</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described</p> <p><b>Our results</b></p> <p>We considered the level of provisioning and contingent liability disclosures for litigations to be acceptable (2020: acceptable)</p>

## 2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<p><b>US asbestos related claims provision</b> (\$342.1 million, 2020: \$403.7 million) <i>Refer to page 108 (Audit Committee Report), pages 156 to 157, and 161 (accounting policy) and note 20 (financial disclosures)</i></p>	<p><b>Subjective estimate:</b> The amount of the US asbestos related litigation provision depends on a number of estimates, including the forecast number of open and future claims, the average cost per claim, the number of claims that result in no settlement and the discount rate applied to the forecast.  There is a considerable amount of judgement required in setting the above assumptions and a small change in the assumptions and estimates may have a significant impact on the US asbestos related claims provision  The effect of these matters is that, as part of our risk assessment, we determined that estimate of the US asbestos related claims provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 20) disclose the sensitivity estimated by the Group</p>	<p><i>Our procedures included:</i></p> <ul style="list-style-type: none"> <li>• <b>Our actuarial expertise:</b> we used our own US based actuarial specialists to challenge key assumptions and estimates used in the calculation of the US asbestos related claims provision. The key assumptions and estimates that we tested included the forecast number of open and future claims, the average cost per claim, and the discount rate.</li> <li>• <b>Benchmarking assumptions:</b> we performed a comparison of key assumptions against our own benchmark ranges which are derived from externally-available data</li> <li>• <b>Methodology choice:</b> we used our own US actuarial specialists to develop our own model to estimate the liability range</li> <li>• <b>Test of detail:</b> we evaluated the assumption for the average costs per claim against the recent history of claims settled</li> <li>• <b>Assessing valuer's credentials:</b> we assessed the directors' external valuation expert's competence and objectivity.</li> <li>• <b>Assessing transparency:</b> we considered the adequacy of the Group's disclosure in respect of the US asbestos related claims provision and the assumptions used.</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described.</p> <p><b>Our results</b> We found the carrying amount of the US asbestos related claims provision recognised to be acceptable. (2020: acceptable)</p>

## 2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<p><b>Going concern</b></p> <p>Refer to page 108 (Audit Committee Report), pages 70 and 71 (Strategic report) and page 155 (financial disclosures)</p> <p><b>Exceptional items</b></p> <p>(\$1/5.1 million, 2020: \$283.3 million)</p> <p>Refer to page 108 (Audit Committee Report), page 158 (accounting policy) and note 5 (financial disclosures).</p>	<p><b>Disclosure quality</b></p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>continued compliance with covenant requirements, in particular those that are sensitive to Adjusted EBITDA and Net Debt levels, a failure of which would result in certain facilities becoming repayable on demand;</li> <li>challenging conditions within the conventional energy market;</li> <li>the impact of the COVID-19 pandemic on markets on the Group's ability to achieve revenue and Adjusted EBITDA forecasts falling in the going concern period;</li> <li>the extent to which new cost savings can be achieved.</li> </ul> <p>Going concern is assessed as at the date of signing the financial statements. There is risk that post balance sheet date events, including the war in Ukraine, impact management's going concern assumptions.</p> <p>As a result of the existence of the Group's investigation principally in relation to Aegis accounting related matters, as reported by the Audit Committee in their report on page 109 ("the investigation"), there is heightened risk of management bias in the fixed price contracts revenue recognition estimates and judgements which also impact the covenant headroom.</p> <p>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.</p> <p><b>Presentation appropriateness</b></p> <p>The identification and measurement of exceptional items is subjective and may be subject to error if exceptional items are reported or measured inconsistently from year to year. The classification of amounts as exceptional at 31 December 2021 affects metrics, notably Adjusted EBITDA, against which covenant compliance is tested.</p>	<p>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.</p> <p>Our procedures also included:</p> <ul style="list-style-type: none"> <li><b>Funding assessment:</b> We inspected the Revolving Credit Facility Agreement (the "RCF Agreement"), the UK Export Finance loan agreement and the US private placement loan note agreements to understand the terms, including definitions of covenant metrics such as Adjusted EBITDA and any restrictions in the use of the funds. We assessed whether the forecasts used for the purpose of assessing compliance with covenants appropriately reflected those definitions. We reperformed calculations for key financial covenants at each test date falling into the going concern assessment period, in order to test the expected compliance with these covenants and mathematical accuracy of the Directors' calculations</li> <li><b>Historical comparisons:</b> We assessed the ability of the Group to forecast accurately, by comparing budgets to historical results for key metrics. We challenged the current forecast assumptions by reference to the findings from the above and assessed whether they reflected markets forecasts and the impact of COVID-19</li> <li><b>Key dependency assessment:</b> We evaluated whether the key assumptions over revenue growth and Adjusted EBITDA margin are realistic, achievable and consistent with the external and internal environment and other matters identified in the audit</li> </ul>

## 2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<b>Going concern</b> Refer to page 108 (Audit Committee Report), pages 10 and 71 (Strategic report) and page 155 (financial disclosures).	The risk over covenant compliance has increased as a result of lower adjusted EBITDA profit metric and higher net debt compared to prior year The financial statements (note 5) disclose the exceptional items	Our procedures included (continued): <ul style="list-style-type: none"> <li>• <b>Sensitivity analysis:</b> 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. We assess whether post balance sheet events, such as the current war in Ukraine, have been appropriately considered in management's going concern analysis</li> <li>• <b>Our sector experience:</b> In performing our assessment of the model and assumptions, we have made enquiries of each of the BU Finance &amp; 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.</li> <li>• <b>Assessing transparency:</b> 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</li> <li>• <b>Assessing application:</b> We understood the nature of the exceptional items identified by management to challenge whether the reporting as an exceptional item is consistent with accounting standards and the Group's policy. We challenged items not included as exceptional items which appeared to be exceptional as per the Group's policy</li> <li>• <b>Assessing transparency:</b> We assessed the disclosure and reconciliation of exceptional items, to ensure that these items are clearly disclosed and explained in the notes to the financial statements. As part of our response to the investigation, we undertook additional technical consultations in this area.</li> <li>• <b>Test of detail:</b> in response to the potential for heightened bias, we performed additional procedures to verify the appropriateness of closing cash cut off adjustments, which would affect the reported covenant metric</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described</p> <p>Our results: We found the going concern disclosure on page 155, without any material uncertainty, and the disclosure of exceptional items to be acceptable (2020 result: acceptable).</p>
<b>Exceptional items</b> (\$175.1 million, 2020: \$283.3 million) Refer to page 108 (Audit Committee Report), page 158 (accounting policy) and note 5 (financial disclosures).		

## 2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<b>Parent Company risk:</b> Recoverability of parent company's investment in subsidiary (Investment in subsidiary \$4,370.4 million, 2020: \$4,348.3 million) Refer to page 107 (Audit Committee Report), page 228 (accounting policy) and note 1 of the Company financial statements (financial disclosures)	<b>Low risk high value</b> The carrying amount of the Parent Company's investment in subsidiary represents 52.1% 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 overall effect on our Parent Company audit.	Our procedures included: <ul style="list-style-type: none"> <li>• <b>Assessing methodology:</b> we assessed management's identification of indicators of impairment, which are quantitative and qualitative.</li> <li>• <b>Historical comparisons:</b> 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.</li> <li>• <b>Comparing valuations:</b> 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 obtained and corroborated explanations regarding significant differences between market capitalisation and the carrying value of the investment.</li> </ul> <p>We performed the tests above rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described</p> <p><b>Our results</b>  We found the carrying amount of the investment in subsidiary to be acceptable. (2020: acceptable)</p>

## 3. Changes to key audit matters

### Investigations

In the prior year, we determined that contingent liabilities and provisions in relation to investigations had a high degree of estimation uncertainty. Following settlements reached in 2021 with the regulators in relation to the investigations into historical business practices and agreements with commercial intermediaries including Unaoil, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

## Financial statements

### Independent auditor's report continued

#### 4. 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 \$40 million (2020: \$44 million), representing 0.5% (2020: 0.5%) of the benchmark. Our 2021 benchmark was a normalised revenue amount, calculated based on averaging the total revenue for 2021, 2020 and 2019, due to the fluctuations caused by COVID-19. In the prior year we also used a normalised revenue calculated based on averaging the total revenue for 2020, 2019 and 2018, due to the fluctuations caused by COVID-19. 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 \$39 million (2020: \$30 million), determined with reference to a benchmark of Company total assets, of which it represents 0.4% (2020: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 65%) of materiality for the financial statements as a whole, which equates to \$30m (2020: \$28.5m) for the group and \$29m (2020: \$19.5m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$2 million (2020: \$2.2 million), in addition to other identified misstatements that warranted reporting on qualitative grounds. As a result of the investigation, including a heightened risk of potential bias and our focus on year end covenant compliance, we reduced the threshold at which component teams reported misstatements, from \$0.8m to \$0.4m.

Of the Group's reporting components, we subjected 6 (2020: 7) to full scope audits for Group purposes and 15 (2020: 13) to specified risk-focused audit procedures over: revenue, cost of sales and trade receivables (13 components (2020: 10)); gross amounts due from customers (10 components (2020: 10)); trade payables (9 components (2020: 10)); cash (14 components (2020: 12)); accruals (8 components (2020: 3)); provisions (2 components (2020: 4)); administrative expenses (2 components (2020: 2)); prepayments (1 component (2020: 1)); other receivables (3 components (2020: 2)) and bad debt provision (0 components (2020: 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 analyses at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

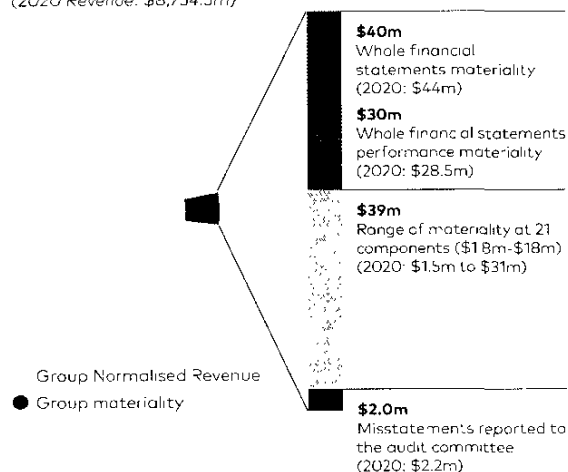
The Group operates shared service centres, the outputs of which are included in the financial information of the reporting components they service and therefore they are not separate reporting components. One (2020: one) shared service centre was subject to specified risk-focused audit procedures, predominantly 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

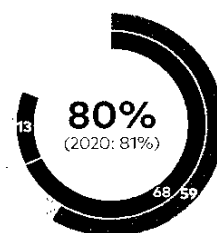
\$7,774.9m  
(2020 Revenue: \$8,734.3m)

#### Group materiality

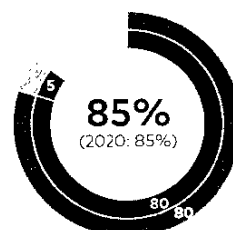
\$40m (2020: \$44m)



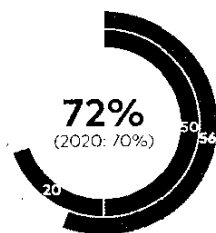
#### Group revenue



#### Group total assets



#### Group profit and losses that made up profit before tax



- Full scope for group audit purposes 2021
- Specified risk-focused audit procedures 2021
- Full scope for group audit purposes 2020
- Specified risk-focused audit procedures 2020
- Residual components

#### 4. Our application of materiality and an overview of the scope of our audit (continued)

The Group team instructed component auditors in 11 (2020: 15) 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 \$1.8 million to \$18 million (2020: \$1.5 million to \$31 million), having regard to the mix of size and risk profile of the Group across the components. The work on 19 of the 21 (2020: 20 of the 20) 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 2 of 11 (2020: 0 of 15) component locations to assess the audit risks and findings. This visit included additional personnel interviews and discussions with the component teams in connection with the investigation. Video and telephone conference meetings were also held with these component auditors. Due to the COVID-19 pandemic restrictions video and telephone conference meetings were held with the other 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.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

#### 5. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group has set out its commitments on climate change to reduce scope 1 and 2 carbon emissions by 40% by 2030.

Climate change impacts the Group in a variety of ways creating both risks and opportunities to the group. The opportunities include potential for capitalising on the growth in markets arising from energy transition. The risks include demand uncertainty relating to the market's response to climate issues, the pattern of energy transition, and the group's ability to respond to this.

As part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Our risk assessment focused on the risk climate change may pose to the determination of future cash flows used in assessments such as impairment. We held discussions with our own climate change professionals to challenge our risk assessment.

On the basis of our risk assessment, we determined that goodwill impairment is the area which will be the most impacted area of our audit. As explained in Note 9, in preparing the value-in-use calculations, management has projected growth in the Cash Generating Unit ("CGU") based on the assumptions of increase in market share in future climate related projects. Our audit response to the goodwill impairment key audit matter includes specific procedures to address the risks arising from climate change. Please refer to that key audit matter response for further details. In our response we explain how we have challenged management's growth assumptions by comparing them against external data and performing sensitivity analysis of the carrying amount to the growth assumptions. Taking into account our risk assessment procedures and the relatively short term nature of most other assets we have not identified any other key audit matters relating to climate change.

We read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

#### 6. 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 on page 155 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 155 to be acceptable; and
- the related statement under the Listing Rules set out on page 71 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.

## 7. 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.
- With regard to the investigations referred to in the Audit Committee report, we involved our Forensics specialists to assist in additional risk assessment procedures, as a result of which additional procedures over journal entries were performed by the group and component audit teams.

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.

Our forensic specialists assisted us in identifying key fraud risks. This included holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer, and assisting with designing and executing relevant audit procedures to respond to the identified fraud risks. They also attended meetings with management and external advisers to discuss key fraud risk areas, and in connection with the investigation.

As required by auditing standards, and taking into account possible pressures to meet profit targets and external debt covenant thresholds 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, the classification of exceptional items, cash cut off, 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. Consideration of covenant sensitivity is described in the going concern key audit matter.

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.

In light of the matters investigated we reviewed and revised our risk assessment. We performed additional audit work in response to the Group's investigation principally in relation to Aegis contract accounting related matters as reported by the Audit Committee in their report on page 109 ("the investigation"). These procedures were primarily related to a heightened risk of management bias and were focused on our fraud risk assessment and the key audit matters of revenue recognition and going concern, as described in those key audit matters in section 2.

We also performed procedures including:

- Identifying journal entries to test, based on risk criteria, at Group level and at in-scope components and comparing the identified entries to supporting documentation. These included, where applicable, those containing key words which may indicate a high risk/ those posted to unusual accounts. Also, we have tested all material post closing journal entries. As a result of the investigation, we expanded our high risk criteria and performed additional sample testing over journal entries matching those criteria.
- Assessing significant accounting estimates for bias.



## 7. Fraud and breaches of laws and regulations

### – ability to detect (continued)

#### 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.

For the regulatory investigations and litigations and claims matters discussed in notes 20 and 33, 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.

## Financial statements

### Independent auditor's report continued

#### 8. 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 71 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 71 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.

## 9. 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.

## 10. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 87, 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 [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities)

## 11. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Paul Glendenning (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
1 Marischal Square  
Broad Street  
Aberdeen  
AB10 1DD

19 April 2022

# Consolidated income statement

for the year ended 31 December 2021

	Note	2021			2020		
		Pre-exceptional items \$m	Exceptional items \$m	Total \$m	Pre-exceptional items \$m	Exceptional items \$m	Total \$m
Revenue from continuing operations	1,2,5	6,426.0	(25.4)	6,400.6	7,564.3	-	7,564.3
Cost of sales	5	(5,641.9)	(73.9)	(5,715.8)	(6,836.6)	-	(6,836.6)
<b>Gross profit</b>		<b>784.1</b>	<b>(99.3)</b>	<b>684.8</b>	<b>727.7</b>	<b>-</b>	<b>727.7</b>
Administrative expenses	5	(623.6)	(60.4)	(684.0)	(554.9)	(239.3)	(794.2)
Share of post-tax profit/(loss) from joint ventures	5,12	31.5	-	31.5	41.6	(8.0)	33.6
<b>Operating profit/(loss)</b>	<b>1</b>	<b>192.0</b>	<b>(159.7)</b>	<b>32.3</b>	<b>214.4</b>	<b>(247.3)</b>	<b>(32.9)</b>
Finance income	3	3.3	-	3.3	13.4	-	13.4
Finance expense	3,5	(109.9)	(6.3)	(116.2)	(121.1)	(8.0)	(129.1)
<b>Profit/(loss) before taxation from continuing operations</b>	<b>4,5</b>	<b>85.4</b>	<b>(166.0)</b>	<b>(80.6)</b>	<b>106.7</b>	<b>(255.3)</b>	<b>(148.6)</b>
Taxation	5,6	(45.8)	(9.1)	(54.9)	(51.5)	(28.0)	(79.5)
<b>Profit/(loss) for the year from continuing operations</b>		<b>39.6</b>	<b>(175.1)</b>	<b>(135.5)</b>	<b>55.2</b>	<b>(283.3)</b>	<b>(228.1)</b>
<b>Profit/(loss) attributable to</b>							
Owners of the parent		35.6	(175.1)	(139.5)	53.8	(283.3)	(229.5)
Non-controlling interests	28	4.0	-	4.0	1.4	-	1.4
		<b>39.6</b>	<b>(175.1)</b>	<b>(135.5)</b>	<b>55.2</b>	<b>(283.3)</b>	<b>(228.1)</b>
<b>Earnings per share (expressed in cents per share)</b>							
Basic	8			(20.6)			(34.1)
Diluted	8			(20.6)			(34.1)

The notes on pages 155 to 224 are an integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income/expense

for the year ended 31 December 2021

	Note	2021 \$m	2020 \$m
<b>Loss for the year</b>		<b>(135.5)</b>	<b>(228.1)</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement gains/(losses) on retirement benefit obligations	32	83.3	(178.7)
Movement in deferred tax relating to retirement benefit obligations	6	(9.5)	36.8
<b>Total items that will not be reclassified to profit or loss</b>		<b>73.8</b>	<b>(141.9)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	27	7.9	(8.0)
Tax on derivative financial instruments	6	(3.4)	1.6
Exchange movements on retranslation of foreign operations	27	(56.3)	92.9
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>(51.8)</b>	<b>86.5</b>
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>22.0</b>	<b>(55.4)</b>
<b>Total comprehensive expense for the year</b>		<b>(113.5)</b>	<b>(283.5)</b>
<b>Total comprehensive expense for the year is attributable to:</b>			
Owners of the parent		(117.5)	(284.9)
Non-controlling interests		4.0	1.4
		<b>(113.5)</b>	<b>(283.5)</b>

Total comprehensive expense for the year is attributable to continuing operations.

Exchange movements on the retranslation of foreign operations could be subsequently reclassified to profit or loss in the event of the disposal of a business.

The notes on pages 155 to 224 are an integral part of these consolidated financial statements.

## Financial statements

## Consolidated balance sheet

as at 31 December 2021

	Note	2021 \$m	2020 \$m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill and other intangible assets	9	6,075.3	6,216.2
Property plant and equipment	10	102.2	126.4
Right of use assets	11	356.1	408.9
Investment in joint ventures	12	169.7	168.7
Other investments	12	75.9	79.8
Long term receivables	14	107.5	187.0
Retirement benefit scheme surplus	32	259.6	188.8
Deferred tax assets	21	75.7	80.4
		<b>7,222.0</b>	<b>7,456.2</b>
<b>Current assets</b>			
Inventories	13	15.9	11.9
Trade and other receivables	14	1,791.3	1,698.6
Financial assets	14	7.7	20.7
Income tax receivable		55.2	50.6
Cash and cash equivalents	15	503.0	585.0
		<b>2,373.1</b>	<b>2,366.8</b>
<b>Total assets</b>		<b>9,595.1</b>	<b>9,823.0</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	17	281.9	315.3
Trade and other payables	16	1,998.6	2,019.7
Income tax liabilities		183.2	183.2
Lease liabilities	11	118.3	133.4
Provisions	20	159.0	172.5
		<b>2,741.0</b>	<b>2,824.1</b>
<b>Net current liabilities</b>		<b>(367.9)</b>	<b>(457.3)</b>
<b>Non-current liabilities</b>			
Borrowings	17	1,614.1	1,296.5
Deferred tax liabilities	21	72.5	89.0
Retirement benefit scheme deficit	32	74.7	124.4
Lease liabilities	11	331.5	408.0
Other non-current liabilities	18	199.8	138.1
Provisions	20	476.2	770.1
		<b>2,768.8</b>	<b>2,826.1</b>
<b>Total liabilities</b>		<b>5,509.8</b>	<b>5,650.2</b>
<b>Net assets</b>		<b>4,085.3</b>	<b>4,172.8</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	23	41.3	41.1
Share premium	24	63.9	63.9
Retained earnings	25	1,415.0	1,455.2
Merger reserve	26	2,540.8	2,540.8
Other reserves	27	21.0	69.0
<b>Total equity attributable to owners of the parent</b>		<b>4,082.0</b>	<b>4,170.0</b>
Non-controlling interests	28	3.3	2.8
<b>Total equity</b>		<b>4,085.3</b>	<b>4,172.8</b>

The financial statements on pages 150 to 224 were approved by the board of directors on 19 April 2022 and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

The notes on pages 155 to 224 are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2021

	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
<b>At 1 January 2020</b>		<b>40.9</b>	<b>63.9</b>	<b>1,806.4</b>	<b>2,540.8</b>	<b>(33.2)</b>	<b>4,418.8</b>	<b>5.5</b>	<b>4,424.3</b>
(Loss)/Profit for the year		-	-	(229.5)	-	-	(229.5)	1.4	(228.1)
<b>Other comprehensive income/(expense):</b>									
Re-measurement losses on retirement benefit schemes	32	-	-	(178.7)	-	-	(178.7)	-	(178.7)
Movement in deferred tax relating to retirement benefit schemes	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
<b>Total comprehensive (expense)/income for the year</b>		<b>-</b>	<b>-</b>	<b>(369.8)</b>	<b>-</b>	<b>84.9</b>	<b>(284.9)</b>	<b>1.4</b>	<b>(283.5)</b>
<b>Transactions with owners:</b>									
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	27	-	-	-	-	17.3	17.3	-	17.3
Transactions with non-controlling interests	28	-	-	-	-	-	-	0.8	0.8
<b>At 31 December 2020</b>		<b>41.1</b>	<b>63.9</b>	<b>1,455.2</b>	<b>2,540.8</b>	<b>69.0</b>	<b>4,170.0</b>	<b>2.8</b>	<b>4,172.8</b>
(Loss)/Profit for the year		-	-	(139.5)	-	-	(139.5)	4.0	(135.5)
<b>Other comprehensive income/(expense):</b>									
Re-measurement gains on retirement benefit schemes	32	-	-	83.3	-	-	83.3	-	83.3
Movement in deferred tax relating to retirement benefit schemes	6	-	-	(9.5)	-	-	(9.5)	-	(9.5)
Cash flow hedges	27	-	-	-	-	7.9	7.9	-	7.9
Tax on derivative financial instruments	6	-	-	(3.4)	-	-	(3.4)	-	(3.4)
Net exchange movements on retranslation of foreign operations	27	-	-	-	-	(56.3)	(56.3)	-	(56.3)
<b>Total comprehensive (expense)/income for the year</b>		<b>-</b>	<b>-</b>	<b>(69.1)</b>	<b>-</b>	<b>(48.4)</b>	<b>(117.5)</b>	<b>4.0</b>	<b>(113.5)</b>
<b>Transactions with owners:</b>									
Dividends paid	7,28	-	-	-	-	-	-	(2.7)	(2.7)
Credit relating to share based charges	22	-	-	22.1	-	-	22.1	-	22.1
Deferred tax impact of rate change in equity	6	-	-	4.5	-	-	4.5	-	4.5
Other tax movements in equity	6	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Shares allocated to employee share trusts	25	0.2	-	(0.2)	-	-	-	-	-
Exchange movements in respect of shares held by employee share trusts	25	-	-	1.1	-	-	1.1	-	1.1
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	25	-	-	1.5	-	-	1.5	-	1.5
Net exchange movements on disposal of foreign currency operations	30	-	-	-	-	0.4	0.4	-	0.4
Transactions with non-controlling interests	28	-	-	-	-	-	-	(0.8)	(0.8)
<b>At 31 December 2021</b>		<b>41.3</b>	<b>63.9</b>	<b>1,415.0</b>	<b>2,540.8</b>	<b>21.0</b>	<b>4,082.0</b>	<b>3.3</b>	<b>4,085.3</b>

The notes on pages 155 to 224 are an integral part of these consolidated financial statements.

# Consolidated cash flow statement

for the year ended 31 December 2021

	Note	2021 \$m	2020 \$m
<b>Cash generated from operations</b>	<b>29</b>	<b>13.9</b>	<b>346.2</b>
Tax paid		(73.5)	(43.2)
<b>Net cash (used in)/generated from operating activities</b>		<b>(59.6)</b>	<b>303.0</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries (cash acquired less consideration paid)	30	-	(21.0)
Disposal of businesses (net of cash disposed)	30	19.3	455.2
Purchase of property plant and equipment	10	(22.4)	(15.0)
Proceeds from sale of property plant and equipment		22.1	6.8
Purchase of intangible assets	9	(92.5)	(73.4)
Interest received		3.1	3.6
Cash from short term investments and restricted cash	15	12.5	(12.5)
Repayment of loans from joint ventures		1.0	4.5
<b>Net cash (used in)/generated from investing activities</b>		<b>(56.9)</b>	<b>348.2</b>
<b>Cash flows from financing activities</b>			
Repayment of short term borrowings	29	(33.5)	(1,438.4)
Proceeds from long term borrowings	29	664.9	200.0
Repayment of long-term borrowings	29	(335.6)	(471.5)
Payment of lease liabilities	29	(167.6)	(188.4)
Proceeds from SIP shares	25	1.5	-
Interest paid		(87.5)	(86.5)
Dividends paid to non-controlling interests	28	(2.7)	(4.9)
<b>Net cash generated from/(used in) financing activities</b>		<b>39.5</b>	<b>(1,995.7)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>29</b>	<b>(77.0)</b>	<b>(1,344.5)</b>
Effect of exchange rate changes on cash and cash equivalents	29	(5.0)	27.6
Opening cash and cash equivalents		585.0	1,901.9
<b>Closing cash and cash equivalents</b>	<b>15</b>	<b>503.0</b>	<b>585.0</b>

The proceeds of long-term borrowings of \$664.9m includes \$600.0m of proceeds from the new UK government export facility and additional borrowings of \$64.9m under the Revolving Credit Facility. The repayment of long term borrowings of \$335.6m includes the repayment of the \$300.0m of bilateral facilities and the impact of the classification of senior loan notes, now falling due within one year, being reclassified from long-term to short-term borrowings.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of \$147.3m (2020: \$158.3m) and for the interest portion of \$20.3m (2020: \$30.1m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The notes on pages 155 to 224 are an integral part of these consolidated financial statements.



# Notes to the financial statements

for the year ended 31 December 2021

## 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 UK-adopted international accounting standards. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement.

### Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), as well as preparing financial forecasts up to the end of 2023 to reflect reasonably possible downsides. The directors have considered as part of this assessment the impact of the events, including the current war in Ukraine, that happened post balance sheet date and up to the date of issue of these financial statements.

The directors did not declare an interim or final 2021 dividend in order to protect cashflows and preserve long term value. No dividends are included in the going concern assessment. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

In assessing the basis of preparation of the financial statements for the year ended 31 December 2021, 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 order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants including any impact on committed funding and liquidity positions and the Group's ability to generate cash from trading activities. As of 31 December 2021, the Group's principal debt facilities comprise a \$1,200.0m revolving credit facility maturing in October 2026; a \$600.0m term loan maturing in July 2026 and \$803.3m of US private placement debt repayable in various tranches between July 2022 and July 2031, with over 95% due in 2024 or later. At 31 December 2021, the Group had headroom of \$935.1m under its main facilities and a further \$148.9m 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 adjusted 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 2021, the Group had net current liabilities of \$367.9m (2020: \$457.3m) and the reduction mainly relates to the extension of the maturity of the Group's principal borrowing facilities during 2021. 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 on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the broad range of end markets that the Group operates in, whilst also considering the growth in the order book during 2021 and an improved outlook for activity across Projects, Operations and Consulting. Approximately 62% of the Group's revenues are driven by Renewables and Other Energy; Process and Chemicals and the built environment. The Group anticipates growth opportunities due to the post covid recovery in industrial activity. Additionally, there are growth opportunities in the built environment due to fiscal stimulus measures adopted by governments across the world in response to the pandemic and longer-term demand supported by changing attitudes to infrastructure spending to provide climate and economic resilience. The conventional energy business, which makes up around 38% of revenue is supported by the global recovery in energy demand and improved commodity prices. This backdrop of strong order book growth and improved activity levels in 2021 gives the directors improved confidence around the 2022 forecast and the growth assumptions for 2023.

The base case going concern scenario assumes the retention of the built environment business. Additionally, the directors have modelled the disposal of the built environment business following the outcome of the strategic review being announced in January 2022. The proceeds from the disposal would lead to a strengthening of the balance sheet through a pay down of debt and other liabilities currently included on the balance sheet. Both scenarios indicated that covenants will be passed at the covenant remeasurement dates.

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, which is the Board approved forecast, the basis of which is described above. This could result from a worsening economic climate or a significantly reduced oil price. In each of the scenarios modelled, the financial covenants were met, with significant facility headroom remaining available.

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

### Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

## Financial statements

### Notes to the financial statements continued

#### Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

#### (a) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a large number of fixed price long-term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. These contracts do not typically generate individually material revenue however they are material in aggregate. Contract revenues are affected by uncertainties that depend on the outcome of future events. Lump sum revenue amounted to \$1,695.8m in 2021 (2020: \$2,501.8m).

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 which will be different across a large number of individually immaterial contracts. The estimates from these contracts, in aggregate, could nevertheless have a possible material impact on revenue, cost of sales, gross amounts due to customers and gross amounts due from customers.

#### Recognition of revenue from variation orders ("VOs")

As contracts progress management may deem that the company is entitled to VOs increasing the contracts price under the existing contracts (variable considerations). In some instances, changes to the scope or requirements of a project equate to changing the contract in a way that entitles the Company to additional consideration (contract modifications).

Where VOs are linked to variable considerations management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the uncertainty associated with the VOs is subsequently resolved. This assessment is reconsidered at each reporting date. The assessment is based on discussions with the customer and a range of factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

Where VOs are linked to contract modifications, management recognise associated revenue when such modifications are approved and when the company has an enforceable right to payment. In cases where the price has not been agreed, management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the final price for the contract modification has been agreed.

On the Aegis contract, management deem that the Company is entitled to variable considerations under the existing contractual arrangements. Only the proportion of the deemed entitlement that is assessed as highly probable is recognised as part of the revenue calculation. The assessment of the proportion of the deemed entitlement to VOs that is considered to be highly probable is a judgement made by management in consultation with internal and external experts. The amount of the accumulated recognised VOs in relation to the Aegis contract is material. Refer to note 20 for further details of the additional provisions recognised in respect of this contract.

#### Liquidated damages ("LDs")

LDs are penalties (negative variable considerations) that are determined when certain contractual requirements are not met. Management make an assessment of the value of LDs to be provided at the reporting date such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the 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.

Estimates are updated regularly, and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue including income from incentive payments, scope variations and claims.

See note 2 for further details.

#### (b) Impairment of goodwill (estimate)

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. Management expectations are formed in line with performance to date and experience, as well as available external market data.

An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by CGU ('Cash Generating Unit') and reflect the latest Group budgets and forecasts as approved by the Board. The budgets and forecasts are based on various assumptions relating to the Group's businesses including assumptions relating to market outlook, resource utilisation, contract awards and contract margins. The outlook for the Group is discussed in the Chief Executive's Review. Pre-tax discount rates of between 10.2% and 10.8% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of between 2.5% and 2.7%. A sensitivity analysis has been performed allowing for possible changes to the key assumptions used in the impairment model.

See note 9 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 30-year US Treasury rate, has increased to 1.9% from 1.65% at the end of December 2020. This has resulted in a credit of \$5.6m 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.

#### (d) Retirement benefit schemes (estimate)

The value of the Group's retirement benefit schemes surplus/deficit is determined on an actuarial basis using several assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 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 Group, in conjunction with the schemes' actuaries, continues to monitor the impact of the Covid-19 pandemic on mortality data. The tax rate applied to the surplus of the UK scheme is 25%, on the basis that 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

#### 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 proportionate 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:

	2021	2020
Average rate £1 = \$	1.3757	1.2844
Closing rate £1 = \$	1.3545	1.3669

## Financial statements

### Notes to the financial statements continued

#### 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 contracts

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. Margin is only recognised when the outcome of the contract can be measured reliably.

Management assess the value of revenue to be recognised in respect of variation orders based on the considerations described in the critical accounting judgements and estimates section above in the paragraph regarding recognition of revenue from variation orders ("VOs").

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are also usually variable considerations and are included in contract revenue only to the extent that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any material revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

The Group's payment terms state that all invoices are generally payable within 30 days.

Details of the services provided by the Group are provided under the 'Segmental Reporting' heading.

#### Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses; write downs or impairments of assets including goodwill; restructuring and redundancy costs or provisions; litigation or regulatory settlements; asbestos related income or charges; tax provisions or payments; provisions for onerous contracts and acquisition and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements (note 5).

Restructuring and redundancy costs or provisions will include those costs associated with major Board approved programmes which will deliver longer term benefits to the Group. If this involves closure of a material office, discrete operating unit or service line the exceptional cost will include redundancy and severance of impacted employees, onerous contract provisions, the write off any unrecoverable net assets and any reversals in future periods.

#### 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	2550 years
Leasehold improvements	period of lease
Plant and equipment	310 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.

## Financial statements

### Notes to the financial statements continued

#### 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

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.

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 less than probable or for which no amount can be reliably measured.

See note 20 for further details.

Where the outcome is less than probable, but more than remote or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material.

## Financial statements

### Notes to the financial statements continued

#### 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 ("ESP") 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. The Group introduced the Share Incentive Plan ("SIP") in 2021. Under the plan, which is recognised by HM Revenue and Customs, employees contribute regular monthly amounts of up to £150 per month to purchase shares. The participating employees are awarded one free share for every two purchased, provided that they hold the purchased shares for 3 years and remain in employment.

#### 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. From

1 January 2021, our financial reporting segments reflect our revised operating model which consists of Projects, Operations, Consulting and Investment Services ("IVS"). Projects is focused on providing front-end engineering services, procurement and project management. Our Operations segment focuses on improving operational efficiency by providing maintenance, modification and decommissioning services. Consulting is a multi-sector specialist technical consultancy division providing innovative thinking needed to maximise value at every stage of the asset life cycle. Investment Services manages a range of legacy or non-core businesses and investments with a view to generating value via remediation and restructuring prior to their eventual disposal.

The Chief Executive measures the operating performance of these segments using 'Adjusted EBITDA' (Earnings before interest, tax, depreciation and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the Chief Executive who is responsible for allocating resources and assessing performance of the operating segments.

#### Assets and liabilities held for sale

Disposal groups are classified as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Disposal groups are measured at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

#### Research and development government credits

The Group claims research and development government credits predominantly in the UK, US, Canada and Australia. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

#### Government grants

The Group recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and that the grant will be received. This may be a judgemental matter, particularly when governments are introducing new programmes that may require new legislation, or for which there is little established practice for assessing whether the conditions to receive a grant are met. If the conditions are met, then the Group recognises government grants as a credit in profit or loss in line with its recognition of the expenses that the grants are intended to compensate.

During 2021, the Group generated cash savings through temporary furlough schemes, mainly from the Canadian Emergency Wage Subsidy (CEWS) totalling \$20.3m. The Group also benefitted from the American Rescue Plan Act of 2021 (ARPA), signed into US law in March 2021, which provided relief through changes in the assumptions used to determine the ongoing Required Minimum Contributions in respect of its US defined benefit pension schemes as detailed in note 32. The amounts claimed under the UK furlough scheme were subsequently repaid in full.

#### The Disclosure of impact of new and future accounting standards

There have been no new relevant standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021. Amendments to existing standards do not have a material impact on the financial statements.



## 1 Segmental reporting

The Group monitors activity and performance through four operating segments; Projects, Operations, Consulting and Investment Services ('IVS'). This new operating model has been effective from 1 January 2021. Comparatives in the table below have been restated to reflect the new operating model.

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 2021 includes the following:

Reportable operating segments	Revenue <sup>(3)</sup>		Adjusted EBITDA <sup>(1)</sup>		Operating profit before exceptionals	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Projects	2,339.8	3,569.3	167.7	205.4	26.4	34.9
Operations	2,098.1	2,033.2	225.1	256.1	113.0	117.0
Consulting	1,787.5	1,823.2	226.8	224.3	139.1	132.8
Investment Services	200.6	138.6	10.9	12.8	6.6	7.7
Central costs <sup>(2)</sup>	–	–	(76.6)	(68.2)	(93.1)	(78.0)
<b>Total</b>	<b>6,426.0</b>	<b>7,564.3</b>	<b>553.9</b>	<b>630.4</b>	<b>192.0</b>	<b>214.4</b>
<b>Exceptional items</b>					<b>(159.7)</b>	<b>(247.3)</b>
<b>Operating profit/(loss)</b>					<b>32.3</b>	<b>(32.9)</b>
Finance income					3.3	13.4
Finance expense					(116.2)	(129.1)
<b>Loss before taxation from continuing operations</b>					<b>(80.6)</b>	<b>(148.6)</b>
Taxation					(54.9)	(79.5)
<b>Loss for the year from continuing operations</b>					<b>(135.5)</b>	<b>(228.1)</b>

### Notes

- 1 A reconciliation of operating profit/(loss) to Adjusted EBITDA is provided in the table below. Adjusted EBITDA is provided as it is a unit of measurement used by the Group in the management of its business. Adjusted EBITDA is stated before exceptional items (see note 5)
- 2 Central includes the costs of certain Group management personnel, along with an element of Group infrastructure costs
- 3 Revenue arising from sales between segments is not material and does not include the impact of the exceptional item disclosed on the face of the income statement of \$25.4m which is in respect of the Investment Services operating segment

Reconciliation of Alternative Performance Measures	2021 \$m	2020 \$m
<b>Operating profit/(loss) per income statement</b>	<b>32.3</b>	<b>(32.9)</b>
Exceptional items (note 5)	159.7	247.3
<b>Operating profit before exceptionals</b>	<b>192.0</b>	<b>214.4</b>
<b>Operating profit/(loss) per income statement</b>	<b>32.3</b>	<b>(32.9)</b>
Share of joint venture finance expense and tax (note 12)	15.3	8.3
Exceptional items (note 5)	159.7	247.3
Amortisation (including joint ventures)	191.7	227.7
Depreciation (including joint ventures)	39.1	45.4
Depreciation of right of use assets	109.8	134.6
Impairment of PP&E and right of use assets	6.0	–
<b>Adjusted EBITDA</b>	<b>553.9</b>	<b>630.4</b>

## Financial statements

### Notes to the financial statements continued

#### 1 Segmental reporting (continued)

##### Analysis of joint venture profits by segment

	Adjusted EBITDA(1)		Operating profit	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Projects	3.5	2.8	3.2	2.4
Operations	57.1	65.0	43.5	39.5
Consulting	0.1	-	0.1	-
<b>Total</b>	<b>60.7</b>	<b>67.8</b>	<b>46.8</b>	<b>41.9</b>

The main joint ventures contributing to Adjusted EBITDA and Operating Profit within the Group's Operations segment are EthosEnergy and RWG. The results of these joint ventures are disclosed further in note 12.

##### Other segment items

	Projects \$m	Operations \$m	Consulting \$m	Investment Services \$m	Unallocated \$m	Total \$m
<b>At 31 December 2021</b>						
<b>Capital expenditure</b>						
PP&E	7.1	8.3	5.2	-	1.8	22.4
Intangible assets	28.6	33.0	31.0	-	1.6	94.2
<b>Non-cash expense</b>						
Depreciation	9.9	12.8	5.1	1.0	6.1	34.9
Depreciation of right of use assets	36.9	17.4	36.0	3.3	8.3	101.9
Amortisation	93.9	27.7	46.0	-	22.3	189.9
Exceptional items (non-cash element)	1.3	35.4	7.3	101.6	(19.4)	126.2

	Projects \$m	Operations \$m	Consulting \$m	Investment Services \$m	Unallocated \$m	Total \$m
<b>At 31 December 2020</b>						
<b>Capital expenditure</b>						
PP&E	8.7	10.2	2.7	-	0.6	22.2
Intangible assets	21.8	29.9	23.9	-	1.5	77.1
<b>Non-cash expense</b>						
Depreciation	13.0	16.9	6.6	-	2.4	38.9
Depreciation of right of use assets	47.8	28.0	38.1	5.1	6.4	125.4
Amortisation	109.2	68.6	46.7	-	1.0	225.5
Exceptional items (non-cash element)	2.8	17.4	1.4	-	183.5	205.1

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 \$4.2m (2020: \$6.5m), depreciation in respect of joint venture right of use assets totals \$7.9m (2020: \$9.2m) and joint venture amortisation amounts to \$1.8m (2020: \$2.2m).

Geographical segments	Non-current assets		Revenue	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
United Kingdom	960.4	920.5	769.3	714.8
United States of America	3,214.9	3,305.1	2,422.4	3,585.5
Canada	728.5	741.9	598.2	534.0
Australia	196.6	218.0	344.6	345.1
Norway	112.1	118.8	193.4	118.9
Germany	16.5	17.1	173.3	198.6
Brunei	11.5	11.5	210.3	163.3
Singapore	104.3	107.8	142.5	153.4
Kuwait	234.4	240.6	133.1	211.4
Saudi Arabia	105.2	112.2	94.8	142.7
Rest of the world	1,094.8	1,206.5	1,344.1	1,396.6
	<b>6,779.2</b>	<b>7,000.0</b>	<b>6,426.0</b>	<b>7,564.3</b>

Non-current assets includes goodwill and other intangible assets, property plant and equipment, right of use assets, investment in joint ventures and other investments.

## 2 Revenue

Revenue by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyses total revenue and does not reflect the \$25.4m exceptional item as disclosed on the Income Statement. The exceptional item is in respect of Investment Services.

Primary geographical market	Projects 2021 \$m	Projects 2020 \$m	Operations 2021 \$m	Operations 2020 \$m	Consulting 2021 \$m	Consulting 2020 \$m	IVS 2021 \$m	IVS 2020 \$m	Total 2021 \$m	Total 2020 \$m
USA	856.3	2,020.7	459.9	526.6	961.7	1,002.0	144.5	36.2	2,422.4	3,585.5
Europe	374.7	377.4	723.5	580.0	284.2	288.3	23.8	84.0	1,406.2	1,329.7
Rest of the world	1,108.8	1,171.2	914.7	926.6	541.6	532.9	32.3	18.4	2,597.4	2,649.1
<b>Revenue</b>	<b>2,339.8</b>	<b>3,569.3</b>	<b>2,098.1</b>	<b>2,033.2</b>	<b>1,787.5</b>	<b>1,823.2</b>	<b>200.6</b>	<b>138.6</b>	<b>6,426.0</b>	<b>7,564.3</b>
<b>Major service lines</b>										
Renewables & other energy	877.6	1,358.0	159.0	180.2	209.7	323.8	200.6	88.2	1,446.9	1,950.2
Process & chemicals	755.6	1,320.9	226.9	254.2	93.3	87.6	-	-	1,075.8	1,662.7
Conventional energy	564.5	699.7	1,643.4	1,535.8	232.6	265.5	-	-	2,440.5	2,501.0
Built environment	142.1	190.7	68.8	63.0	1,251.9	1,146.3	-	50.4	1,462.8	1,450.4
<b>Revenue</b>	<b>2,339.8</b>	<b>3,569.3</b>	<b>2,098.1</b>	<b>2,033.2</b>	<b>1,787.5</b>	<b>1,823.2</b>	<b>200.6</b>	<b>138.6</b>	<b>6,426.0</b>	<b>7,564.3</b>

The Group's revenue is largely derived from the provision of services over time.

Revenue in 2021 included \$4,730.2m (74%) (2020: \$5,062.5m, 67%) from reimbursable contracts and \$1,695.8m (26%) (2020: \$2,501.8m, 33%) from lump sum contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

Included within Operations is \$7.5m of revenue in 2021 which had no associated cost.

### Contract assets and liabilities

The following table provides a summary of contract assets and liabilities arising from the Group's contracts with customers.

	2021 \$m	2020 \$m
Trade receivables	729.6	646.9
Non-current contract assets	66.5	111.3
Gross amounts due from customers	628.1	638.6
Gross amounts due to customers	(87.5)	(203.2)
Deferred income	(115.0)	(69.7)
	<b>1,221.7</b>	<b>1,123.9</b>

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 net increase in trade receivables and amounts due from customers is due to increased activity levels in the final quarter compared with the same period in 2020 and higher DSO. There have been no instances of material default by our customers as a result of the current market conditions. The net reduction in amounts due to customers and deferred income was \$70.4m and primarily related to the unwind of advances received on contracts in the Projects business.

Non-current contract assets of \$66.5m includes \$46.6m of gross amounts due from customers and \$19.9m of trade receivables in relation to the Aegis contract as at 31 December 2021. The corresponding balances as at 31 December 2020 amounted to \$111.3m, with \$94.1m included in gross amounts due from customers and \$17.2m of trade receivables. The decrease in the non-current contract assets is mainly as a result of the Aegis contract loss as disclosed in exceptional items (note 5). The Group's current estimate is that the receivables on the Aegis contract will not be settled until 2023 at the earliest. Refer to note 20 for further details of the additional provisions recognised in respect of this contract.

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 and deferred income are included within the 'Trade and other payables' heading in the Group balance sheet.

## Financial statements

### Notes to the financial statements continued

#### 2 Revenue (continued)

Revenue recognised in 2021 which was included in gross amounts due to customers and deferred income at the beginning of the year of \$248.0m represents amounts included within contract liabilities at 1 January 2021. Revenue recognised from performance obligations satisfied in previous periods of \$61.1m represents revenue recognised in 2021 for performance obligations which were considered operationally complete at 31 December 2020.

#### 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 2021 was as follows:

\$m	Year 1	Year 2	Total
Revenue	3,516.2	2,336.3	5,852.5

The above table includes all contracts including those which have an original expected duration of one year or less.

#### 3 Finance expense/(income)

	2021 \$m	2020 \$m
Interest payable on senior loan notes	35.9	38.0
Interest payable on borrowings	32.8	33.3
Amortisation of bank facility fees	7.4	3.9
Unwinding of discount on deferred and contingent consideration liabilities (note 19)	-	0.2
Unwinding of discount on other liabilities	0.1	0.4
Lease interest (note 17)	20.3	30.1
Other interest expense	13.4	15.2
<b>Finance expense – continuing operations</b>	<b>109.9</b>	<b>121.1</b>
Unwinding of discount on asbestos provision (note 5)	6.3	8.0
<b>Finance expense – total</b>	<b>116.2</b>	<b>129.1</b>
Interest on uncertain tax provisions	-	(4.9)
Interest receivable	(3.1)	(3.6)
Interest income – retirement benefit obligations (note 32)	(0.2)	(3.8)
Lease interest on lease investment	-	(1.1)
<b>Finance income</b>	<b>(3.3)</b>	<b>(13.4)</b>
<b>Finance expense – total – net</b>	<b>112.9</b>	<b>115.7</b>

Net interest expense of \$3.6m (2020: \$3.5m) has been deducted in arriving at the share of post-tax profit from joint ventures.

The unwinding of discount on the asbestos provision is \$6.3m (2020: \$8.0m) 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 accounting policies.

#### 4 Profit before taxation

	2021 \$m	2020 \$m
The following items have been charged/(credited) in arriving at profit before taxation:		
Employee benefits expense (note 31)	3,169.6	3,399.9
Amortisation of intangible assets (note 9)	189.9	225.5
Depreciation of property plant and equipment (note 10)	34.9	38.9
Depreciation of right of use assets (note 11)	101.9	125.4
(Gain)/loss on disposal of property plant and equipment	(10.0)	8.0
Foreign exchange losses	2.0	4.0

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.

#### 4 Profit before taxation (continued)

##### 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:

	2021 \$m	2020 \$m
<b>Fees payable to the Group's auditors and its associate firms for</b>		
Audit of parent company and consolidated financial statements	5.5	4.8
Audit of financial statements of subsidiaries of the Company	2.8	1.7
Audit related assurance services	0.4	0.5
Tax and other services	0.1	0.1
	<b>8.8</b>	<b>7.1</b>

The ratio of audit related services to other non-audit services is 1: 0.06.

Included in the \$2.8m of fees for 'audit of financial statements and subsidiaries of the Company' is \$0.5m in respect of additional statutory audits undertaken for the 2020 financial year.

#### 5 Exceptional items

	2021 \$m	2020 \$m
<b>Exceptional items included in continuing operations</b>		
Aegis contract loss (revenue)	25.4	
Aegis contract loss (cost of sales)	73.9	
Gain on sale of business (see note 30)	(14.4)	(59.1)
Impairment losses on non-core business	-	20.1
Redundancy, restructuring and integration costs	77.9	100.8
Investigation support costs and provisions	-	161.6
Asbestos yield curve and fees	(3.1)	19.8
GMP equalisation	-	4.1
<b>Continuing operations exceptional items, before interest and tax</b>	<b>159.7</b>	<b>247.3</b>
Unwinding of discount on asbestos provision	6.3	8.0
Tax (credit)/charge in relation to exceptional items	(1.2)	0.7
Impact of change in UK rate on prior year exceptional deferred tax	10.3	-
Derecognition of deferred tax assets due to UK pension actuarial loss	-	27.3
<b>Continuing operations exceptional items, net of interest and tax</b>	<b>175.1</b>	<b>283.3</b>

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.

The gain on sale of business of \$14.4m relates to the disposal of the Group's interest in Sulzer Wood Limited for a consideration of \$19.3m. The gain in 2020 related to the disposal of the Group's share in the TransCanada Turbines JV and the nuclear and industrial services businesses.

The increase in the Aegis contract loss in 2021 was \$99.3m, which reflects the latest estimate of the full contract loss. The increased loss recognised in the year was due to changes in the best estimates of the outcome of the contract, based on the director's current strategy for completing this complex project. The estimate reflects an increase in the expected future legal costs, along with increases in the expected costs to complete and potential liquidated damages. The changes to these estimates at 31 December 2021 are predominantly a result of adverse events and circumstances in the current period. These included additional delays on the contract as further commissioning took place, updated assessments of variation orders and a change to the expected process to recover variation orders. By virtue of its size and the nature of Aegis being a legacy contract in a sector where the group no longer operates, this was recorded as an exceptional charge through revenue and cost of sales. No revenue has been recognised on the Aegis Poland contract in 2021. The negative revenue of \$25.4m presented represents the impact of the reduction in percentage completion and reduction in the total forecast revenue on the contract. During 2020 a charge of \$11m was taken to EBITDA to reflect the estimated full loss as at 31 December 2020. The updated contract loss reflects the Group's latest assessment of cost to complete, claims, liquidated damages and legal costs.

During the year to 31 December 2021, \$77.9m was incurred in relation to redundancy and restructuring activities. During 2021 the Group has continued to progress various initiatives which support improved efficiency and the enhancement of underlying group profitability in the medium to longer term. These initiatives have included 'Future Fit', which is a Group wide strategic initiative aimed at improving efficiency, transforming our project and operations delivery, and creating greater earnings potential through changes to our supply chain and our digital capability. Future Fit is an 18-month programme, which kicked off during the first half of 2021 and is due to complete in the first half of 2022. We have also taken steps to simplify our legal entity structure and closed legal entities to make our business more efficient. The direct costs of running these programmes along with the costs of redundancies and other investments are included in the exceptional charge.

## Financial statements

### Notes to the financial statements continued

#### 5 Exceptional items (continued)

Complimentary to 'Future Fit', the Group has sharpened its focus on markets where we know we can make an impact and deliver higher margins, and those businesses where the returns are commensurate to the risks involved. This has resulted in strategic decisions to exit certain locations, and end markets that do not fit this profile, the most material of which were our Paris engineering office, the Power and Industrial Large EPC sector, the ATO automation businesses in the UK and the IPM business in Spain. Where relevant, all staff were notified prior to the year-end and no new work is being undertaken by these businesses. In line with our accounting policy on exceptional items the costs mainly relate to redundancy of staff, which were calculated in line with local regulations, the wind down of onerous contracts and write down of receivables balances considered to be unrecoverable as a result.

The regulatory investigations were all closed out during the first half of 2021 and was materially in line with the provision made at 31 December 2020.

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these amounts from the trading results improves the understandability of the underlying trading performance of the Group. The credit of \$3.1m in 2021 relates to a \$5.6m yield curve credit (2020: \$17.9m charge) and \$2.5m (2020: \$1.9m) of costs in relation to managing the claims. The 30-year US Treasury rate has increased to 1.9% from 1.65% at the end of December 2020 and led to the income statement credit in 2021. \$6.3m of interest costs which relate to the unwinding of discount on the asbestos provision are shown as exceptional (2020: \$8.0m).

An exceptional tax charge of \$9.1m (2020: \$28.0m) has been recorded in the period and consists of a \$1.2m tax credit on pre-tax exceptional items (2020: \$0.7m charge) and a \$10.3m tax charge relating to the change of the UK tax rate impacting on deferred tax balances created in prior years through exceptional items (2020: \$nil). The 2020 charge also included \$27.3m which reflected an impairment of deferred tax assets in the income statement arising from a reduction in deferred tax assets through other comprehensive income due to the UK pension actuarial loss.

#### 6 Taxation

	2021 \$m	2020 \$m
<b>Current tax</b>		
Current year	104.7	55.8
Adjustment in respect of prior years	(29.5)	(27.5)
	75.2	28.3
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(23.7)	52.6
Adjustment in respect of prior years	3.4	(1.4)
	(20.3)	51.2
<b>Total tax charge</b>	54.9	79.5
<b>Comprising</b>		
Tax on continuing operations before exceptional items	45.8	51.5
Tax charge in relation to exceptional items (note 5)	9.1	0.7
Derecognition of deferred tax assets due to UK pension actuarial loss (note 5)	-	27.3
<b>Total tax charge</b>	54.9	79.5
<b>Tax credited to other comprehensive income/expense</b>	2021 \$m	2020 \$m
Deferred tax movement on retirement benefit liabilities	9.5	(36.8)
Tax on derivative financial instruments	3.4	(1.6)
<b>Total charged/(credited) to other comprehensive income/expense</b>	12.9	(38.4)
<b>Tax (credited)/charged to equity</b>	2021 \$m	2020 \$m
Deferred tax impact of rate change	(4.5)	1.3
Other	0.1	0.7
<b>Total (credited)/charged to equity</b>	(4.4)	2.0

## 6 Taxation (continued)

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.

	2021 \$m	2020 \$m
<b>Reconciliation of applicable tax charge at statutory rates to tax charge</b>		
Loss before taxation from continuing operations	(80.6)	(148.6)
Loss: Share of post-tax profit from joint ventures (note 12)	(31.5)	(33.6)
Loss before taxation from continuing operations (excluding profits from joint ventures)	(112.1)	(182.2)
<b>Applicable tax charge at statutory rates</b>	<b>(16.6)</b>	<b>(28.7)</b>
Effects of:		
Non-deductible expenses	11.4	16.5
Non-taxable income	(4.2)	(6.3)
Non-deductible expenses - exceptional	1.1	28.1
Non-taxable income - exceptional	(3.0)	(5.4)
<b>Deferred tax recognition:</b>		
Recognition of deferred tax assets not previously recognised	(19.4)	-
Utilisation of tax assets not previously recognised	(12.7)	(4.5)
Current year deferred tax assets not recognised	66.9	47.1
Write off of previously recognised deferred tax assets	22.4	25.8
Derecognition of deferred tax assets due to UK pension loss - exceptional	-	27.3
Irrecoverable withholding tax	10.4	16.4
CFC charges	2.0	1.8
Uncertain tax provisions	23.6	5.1
Uncertain tax provisions - prior year adjustments	(24.9)	(16.1)
Uncertain tax provisions - prior year adjustments - exceptional	-	1.8
Prior year adjustments	0.9	(14.3)
Prior year adjustments - exceptional	(2.2)	1.4
Impact of change in rates on deferred tax	(0.8)	(2.0)
US CARES Act	-	(14.5)
<b>Total tax charge</b>	<b>54.9</b>	<b>79.5</b>

The weighted average of statutory tax rates was 14.8% in 2021 (2020: 15.8%).

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.

The write off of previously recognised deferred tax assets reflects lower forecast profits when compared to the expectation at 31 December 2020. In terms of jurisdictions, the most significant impact is in the US which represents \$16.9m of the adjustment. Similarly, the current year deferred tax assets not recognised primarily relates to \$51.1m in the US.

Deferred tax of \$18.3m in relation to undistributed reserves in Chile and Russia has been released in the period as it is not anticipated distributions will be paid in the foreseeable future triggering a tax liability. This amount is included within irrecoverable withholding tax.

During the year, the UK defined benefit pension fund asset on the Wood Pension Plan increased due to actuarial gains of \$50.1m, resulting in the associated deferred tax liability increasing, with a debit shown in Other Comprehensive Income. The deferred tax liability supports the recognition of deferred tax assets, and as a result \$12.5m has been recognised and a corresponding credit recognised in the profit and loss account.

Net income tax liabilities in the Group balance sheet include \$135.6m (2020: \$140.8m) 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 (\$49.2m, 2020: \$52.0m), group financing (\$27.1m, of which \$6.6m relates to deferred tax, 2020: \$30.1m) and transfer pricing and tax residence (\$9.2m, 2020: \$11.8m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

## Financial statements

### Notes to the financial statements continued

#### 6 Taxation (continued)

Of the uncertain tax positions, \$100.0m are currently under audit by tax authorities and the provision reflects the maximum potential liability reflecting the outcome of the audits being either no liability or the full risk being challenged. The outcome of the audits will determine if there is a credit to taxation in 2022. The remaining \$35.6m comprises uncertain tax positions not yet under audit, none of which are individually material. Of the \$35.6m, \$0.4m will become statute barred for tax authority audit during 2022 if the tax authorities do not commence an audit.

#### Factors affecting the tax charge in future years

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with the tax authorities, corporate acquisitions and disposals, the use of brought forward losses and changes in tax legislation and rates. The following outlines key factors that may impact on future tax charges.

On 8 October 2021, 136 countries signed up to the OECD's Inclusive Framework. This includes an agreement for a minimum level of tax of 15% which it is planned will be in place for 2023. Based on the 2021 results, this would have resulted in an increase in the tax charge of \$4.0m reflecting additional tax on profits in the UAE and the captive insurance company in Guernsey.

During 2021, the actuarial gain in relation to the UK pension fund has resulted in a recognition of deferred tax assets which can now be supported by the deferred tax liability related to the pensions asset. Whilst the movement in the deferred tax liability is taken to Other Comprehensive Income, the additional recognition of assets is taken to the Income Statement. The future tax charge will therefore be impacted by movements in the pension asset valuation with actuarial gains increasing deferred tax asset recognition and actuarial losses decreasing recognition. The deferred tax liability in relation to the UK pension fund at 31 December 2021 is \$64.9m.

Governments have started to take action to fund the expenditure incurred in relation to Covid-19, which includes tax changes. Tax authorities are also starting to 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 in its budget on 3 March 2021, a rise in the rate of Corporation Tax from 19% to 25% from 1 April 2023. The increase is reflected in deferred tax in the accounts, however there is no impact as deferred tax assets are only recognised to the extent there are deferred tax liabilities in the UK. We anticipate the tax charge and cash tax payable is likely to increase from the 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.

#### Potential sale of built environment business

The potential sale of the built environment business (note 36) is likely to result in the utilisation of all US losses and deferred interest deductions. Not all of these assets are recognised on the balance sheet and as a result the tax charge from the disposal of the US element of the business is likely to be significantly below the statutory rate. Following the utilisation of those assets, the tax charge will no longer show a benefit for the recognition of additional US attributes as they are utilised and forecast, which will increase the tax charge in the years after the disposal.

Following any disposal of the built environment business, a reduction in the level of debt is likely to reduce the interest charge. The Group cannot currently obtain a deduction for all interest, with deductions deferred in the UK and US. It is likely all deferred interest in the US will be deducted from any future gain. In the UK, we anticipate the Group will be able to access the deferred interest deductions which will enable the Group to recognise deferred tax assets and thereby decrease the tax charge. Deferred UK interest deductions could reduce the tax charge by \$49.7m, although this benefit may not all be recognised in one year.

As part of any disposal of the built environment business, certain intangible assets will be sold including those relating to the business on the acquisition of Amec Foster Wheeler. These intangible assets have related deferred tax liabilities which give rise to a tax credit as the intangible assets are amortised. The book value of the business disposed will incorporate the relevant deferred tax liabilities and be reflected in the profit on disposal before tax. In future years, the deferred tax credit in relation to the amortisation of intangibles will reduce reflecting the disposals.

#### 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 [woodplc.com](http://woodplc.com)

#### 7 Dividends

No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.



## 8 Earnings per share

	2021			2020		
	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings/(losses) per share cents	Earnings/(losses) attributable to owners of the parent \$m	Number of shares m	Earnings/(losses) per share cents
<b>Basic pre-exceptional</b>	<b>35.6</b>	<b>675.6</b>	<b>5.3</b>	<b>53.8</b>	<b>672.5</b>	<b>8.0</b>
Exceptional items, net of tax	(175.1)	-	(25.9)	(283.3)	-	(42.1)
<b>Basic</b>	<b>(139.5)</b>	<b>675.6</b>	<b>(20.6)</b>	<b>(229.5)</b>	<b>672.5</b>	<b>(34.1)</b>
Effect of dilutive ordinary shares	-	-	-	-	-	-
<b>Diluted</b>	<b>(139.5)</b>	<b>675.6</b>	<b>(20.6)</b>	<b>(229.5)</b>	<b>672.5</b>	<b>(34.1)</b>
<b>Adjusted diluted earnings per share calculation</b>						
<b>Basic</b>	<b>(139.5)</b>	<b>675.6</b>	<b>(20.6)</b>	<b>(229.5)</b>	<b>672.5</b>	<b>(34.1)</b>
Effect of dilutive ordinary shares	-	-	-	-	-	-
	<b>(139.5)</b>	<b>675.6</b>	<b>(20.6)</b>	<b>(229.5)</b>	<b>672.5</b>	<b>(34.1)</b>
Exceptional items, net of tax	175.1	-	25.9	283.3	-	42.1
Amortisation related to acquisitions, net of tax	82.7	-	12.2	102.2	-	15.2
<b>Adjusted diluted</b>	<b>118.3</b>	<b>675.6</b>	<b>17.5</b>	<b>156.0</b>	<b>672.5</b>	<b>23.2</b>
<b>Adjusted basic</b>	<b>118.3</b>	<b>675.6</b>	<b>17.5</b>	<b>156.0</b>	<b>672.5</b>	<b>23.2</b>

As the Group has reported a basic loss (2020: loss) per ordinary share, any potential ordinary shares that are dilutive are excluded 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 28.2m 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. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes, shares and share options awarded under the Group's Long-Term Plan and shares awarded under the Group's Employee Share Plan and Share Incentive Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

## Financial statements

### Notes to the financial statements continued

#### 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
<b>Cost</b>						
At 1 January 2021	5,266.4	323.6	822.2	184.9	664.4	7,261.5
Exchange movements	(40.2)	(3.6)	(6.5)	(1.0)	(3.4)	(54.7)
Additions	-	94.2	-	-	-	94.2
Disposals	-	(125.4)	-	-	-	(125.4)
<b>At 31 December 2021</b>	<b>5,226.2</b>	<b>288.8</b>	<b>815.7</b>	<b>183.9</b>	<b>661.0</b>	<b>7,175.6</b>
<b>Amortisation and impairment</b>						
At 1 January 2021	0.8	245.3	542.5	148.3	108.4	1,045.3
Exchange movements	-	(3.2)	(4.8)	(0.8)	(0.7)	(9.5)
Amortisation charge	-	89.0	43.5	24.2	33.2	189.9
Disposals	-	(125.4)	-	-	-	(125.4)
<b>At 31 December 2021</b>	<b>0.8</b>	<b>205.7</b>	<b>581.2</b>	<b>171.7</b>	<b>140.9</b>	<b>1,100.3</b>
<b>Net book value at 31 December 2021</b>	<b>5,225.4</b>	<b>83.1</b>	<b>234.5</b>	<b>12.2</b>	<b>520.1</b>	<b>6,075.3</b>
<b>Cost</b>						
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	(20.1)	(0.8)	(0.4)	-	(0.7)	(22.0)
<b>At 31 December 2020</b>	<b>5,266.4</b>	<b>323.6</b>	<b>822.2</b>	<b>184.9</b>	<b>664.4</b>	<b>7,261.5</b>
<b>Amortisation and impairment</b>						
At 1 January 2020	0.8	203.2	487.6	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	(9.1)	(0.7)	0.4	-	(0.1)	(9.5)
<b>At 31 December 2020</b>	<b>0.8</b>	<b>245.3</b>	<b>542.5</b>	<b>148.3</b>	<b>108.4</b>	<b>1,045.3</b>
<b>Net book value at 31 December 2020</b>	<b>5,265.6</b>	<b>78.3</b>	<b>279.7</b>	<b>36.6</b>	<b>556.0</b>	<b>6,216.2</b>

The carrying value of software held under deferred payment arrangements at 31 December 2021 was \$0.1m (2020: \$0.1m). There were no additions to software held under deferred payment arrangements during the year (2020: \$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 2021 (the "test date"). The Group has five CGUs and Goodwill is monitored by management at CGU level. The allocation of Goodwill by CGU as at the test date is shown in the table below.

Value-in-use calculations have been prepared for each CGU using the cash flow projections included in the financial forecasts prepared by management and approved by the Board for 2022 through to 2026. In preparing the forecasts management have considered market outlook, growth in market share, resource utilisation, contract backlog, contract margins and assumed contract awards. The Group's impairment model assumes annual growth in market share for the majority of sectors of between 3% and 6% of its current market share over the forecast period. If this growth does not materialise, there is a risk of an impairment in the Projects and Operations CGUs. The cumulative annual growth rates (CAGR) in revenue over the forecast period was 6.7% for Consulting, 6.2% for Projects and 8.0% for Operations. The projected growth in the CGUs is underpinned by the Group's strategy to fully capitalise on the engineering capabilities of each of the CGUs to help our clients move to net-zero through the energy transition and industrial decarbonisation. During 2021 each of the CGUs have had significant contract wins in energy transition and industrial decarbonisation and is therefore well placed to benefit from significant levels of investment required by our clients to achieve net-zero. The Group have also considered that there are risks associated with energy transition, including the energy transition and industrial decarbonisation markets not generating sufficient revenues to meet targets, which may also impact the Group's ability to attract or retain the appropriately skilled workforce which could prevent the Group from competing for work in this space. In addition, undertaking high carbon projects that are inconsistent with the Group's positioning of pivoting to support clients in pursuit of net-zero and decarbonisation, potentially exposing the Group to disinvestment in the fossil fuel industry.

## 9 Goodwill and other intangible assets (continued)

The terminal growth rates assumed from 2026 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. Management reviewed independent forecasts which set out the long-term investment required in order to achieve net-zero. This long-term annual growth was then applied to each of the CGUs based on current activity levels. Accordingly, the long-term growth rates assumed in the model are 2.6% for Operations (2020: 2.6%); 2.7% for Projects (2020: 2.4%); and 2.5% (2020: 2.4%) for Consulting.

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 equity risk premium being used in the calculation due to higher interest rates and volatile equity returns. The Group have considered the additional specific risks related to each business such as country risk and forecasting risk.

The pre-tax rates used for the 2021 review are tabulated as follows and were derived from the Group WACC calculation with specific adjustments for CGU specific risks including country risk premiums:

Cash Generating Unit	Pre-tax discount rate 2021 %	Pre-tax discount rate 2020 %	Post-tax discount rate 2021 %	Post-tax discount rate 2020 %
Projects	10.6	11.3	9.3	10.0
Operations	10.2	10.4	8.9	9.1
Consulting	10.2	11.1	8.8	9.6
Kelchner	10.8	11.3	9.6	9.9
Swaggart	10.8	11.3	9.6	9.9

In order to reduce headroom to \$nil for each of the CGUs, the post-tax discount rate would need to increase to:

Cash Generating Unit	%
Projects	11.0
Operations	11.5
Consulting	14.6
Kelchner	29.4
Swaggart	11.7

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 2021 Test date \$m	Goodwill carrying value 2020 Test date \$m
Projects	2,353.8	2,381.7
Operations	1,645.4	1,649.3
Consulting	1,193.0	1,201.4
Kelchner	16.9	16.9
Swaggart	16.3	16.3

The carrying values of the corporate assets that were not allocated to the above cash generating units above were \$91m (2020: \$80m) 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 for Projects and Operations is \$630m and \$731m respectively based on the assumptions described above. The key assumptions used in the impairment model for these CGUs are discount rate, long term growth rate and revenue growth. There are reasonable changes in assumptions that would result in an impairment for Projects and Operations. If the post-tax discount rate was 1.5% higher for Projects and Operations, the headroom would be \$68m and \$251m respectively. If the post-tax discount rate was 1.5% higher for Projects and Operations, the long-term growth rate would need to be 0.3% and 1.7% lower for Projects and Operations respectively to reduce headroom to \$nil. If the post-tax discount rate was 1.5% higher for Projects and Operations, then the revenue CAGR would need to be 1.0% and 4.2% lower for Projects and Operations respectively to reduce headroom to \$nil.

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 \$25.4m at 31 December 2021 (2020: \$21.6m). \$9.4m (2020: \$8.5m) of internally generated intangibles is included in additions in the year.

The software disposals relate to the write off of fully depreciated assets that are no longer in use.

## Financial statements

### Notes to the financial statements continued

#### 10 Property plant and equipment

	Land and Buildings \$m	Plant and equipment \$m	Total \$m
<b>Cost</b>			
At 1 January 2021	63.1	174.5	237.6
Exchange movements	(1.2)	(3.2)	(4.4)
Additions	2.7	19.7	22.4
Disposals	(5.4)	(47.8)	(53.2)
Reclassifications	27.5	(27.5)	-
<b>At 31 December 2021</b>	<b>86.7</b>	<b>115.7</b>	<b>202.4</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	31.2	80.0	111.2
Exchange movements	(0.8)	(4.4)	(5.2)
Charge for the year	9.0	25.9	34.9
Disposals	(5.0)	(39.7)	(44.7)
Reclassifications	12.5	(12.5)	-
Impairment	3.6	0.4	4.0
<b>At 31 December 2021</b>	<b>50.5</b>	<b>49.7</b>	<b>100.2</b>
<b>Net book value at 31 December 2021</b>	<b>36.2</b>	<b>66.0</b>	<b>102.2</b>
<b>Cost</b>			
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	-
<b>At 31 December 2020</b>	<b>63.1</b>	<b>174.5</b>	<b>237.6</b>
<b>Accumulated depreciation and impairment</b>			
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
<b>At 31 December 2020</b>	<b>31.2</b>	<b>80.0</b>	<b>111.2</b>
<b>Net book value at 31 December 2020</b>	<b>31.9</b>	<b>94.5</b>	<b>126.4</b>

The net book value of Land and Buildings includes \$21.8m (2020: \$12.5m) of Long Leasehold and Freehold property and \$14.4m (2020: \$19.4m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2021.

Net book value of \$15.0m relating to Long Freehold property which was previously included within 'Plant and equipment' was reclassified to 'Land and Buildings' during the year. This net book value comprises \$27.5m of cost offset by \$12.5m of accumulated depreciation and impairment.

## 11 Leases

	Land and Buildings \$m	Plant and equipment \$m	Total \$m
<b>Right of use assets</b>			
<b>Net book value</b>			
At 1 January 2021	380.5	28.4	408.9
Exchange movements	(3.4)	(2.6)	(6.0)
Additions	35.9	30.8	66.7
Disposals	(9.3)	(0.3)	(9.6)
Impairment	(2.0)		(2.0)
Depreciation of right of use assets	(85.1)	(16.8)	(101.9)
<b>At 31 December 2021</b>	<b>316.6</b>	<b>39.5</b>	<b>356.1</b>
<b>Lease liabilities</b>			
At 1 January 2021			541.4
Exchange movements			(4.2)
Additions			70.5
Disposals			(10.6)
Interest expense related to lease liabilities			20.3
Repayment of lease liabilities			(167.6)
<b>At 31 December 2021</b>			<b>449.8</b>
<b>Right of use assets</b>			
<b>Net book value</b>			
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)
<b>At 31 December 2020</b>	<b>380.5</b>	<b>28.4</b>	<b>408.9</b>
<b>Lease liabilities</b>			
At 1 January 2020			583.3
Exchange movements			9.3
Additions			124.5
Disposals			(17.4)
Interest expense related to lease liabilities			30.1
Repayment of lease liabilities			(188.4)
<b>At 31 December 2020</b>			<b>541.4</b>

## Financial statements

### Notes to the financial statements continued

#### 11 Leases (continued)

The Group has finance leases liabilities totalling \$13.5m (2020: \$21.1m) 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:

	2021 \$m	2020 \$m
Current lease liability	118.3	133.4
Non-current lease liability	331.5	408.0
<b>Total lease liability</b>	<b>449.8</b>	<b>541.4</b>

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	\$m	\$m
<b>Depreciation charge for right of use assets</b>		
Property	85.1	103.0
Plant and equipment	16.8	22.4
<b>Charged to operating profit</b>	<b>101.9</b>	<b>125.4</b>
Interest expense related to lease liabilities	20.3	30.1
Interest income on lease investment	-	(1.1)
<b>Charge to profit/(loss) before taxation for leases</b>	<b>122.2</b>	<b>154.4</b>

The Group leases real estate, including land, buildings and warehouses, machinery/equipment, vehicles and IT equipment. The right of use assets generate cash flows as part of the cash generating units disclosed in note 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 domiciled and headquartered in Aberdeen, Scotland. The Group has a 50% shareholding in RWG, a provider of repair and overhaul services to the oil and gas, power generation and marine propulsion industries. RWG is based in Aberdeen, Scotland.

The assets, liabilities, income and expenses of the EthosEnergy and RWG are shown below. The financial information below has been extracted from the management accounts for these entities.

	EthosEnergy (100%)		RWG (100%)	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Non-current assets	121.7	126.8	65.7	70.5
Current assets	517.9	465.7	155.3	126.6
Current liabilities	(335.9)	(293.8)	(94.2)	(75.0)
Non-current liabilities	(66.9)	(76.2)	(6.8)	(6.1)
<b>Net assets</b>	<b>236.8</b>	<b>222.5</b>	<b>120.0</b>	<b>116.0</b>
Wood Group share	120.8	113.5	60.0	58.0
Accumulated impairments and other adjustments	(70.8)	(67.2)	-	-
<b>Wood Group investment</b>	<b>50.0</b>	<b>46.3</b>	<b>60.0</b>	<b>58.0</b>
Revenue	832.7	783.2	237.9	216.3
Cost of sales	(701.4)	(656.5)	(170.9)	(160.2)
Administrative expenses	(103.3)	(96.8)	(32.7)	(31.4)
Exceptional items	-	(12.2)	-	-
<b>Operating profit</b>	<b>28.0</b>	<b>17.7</b>	<b>34.3</b>	<b>24.7</b>
Finance expense	(6.1)	(5.9)	(0.8)	(0.8)
<b>Profit before tax</b>	<b>21.9</b>	<b>11.8</b>	<b>33.5</b>	<b>23.9</b>
Tax	(8.5)	3.7	(7.1)	(3.6)
<b>Post-tax profit from joint ventures</b>	<b>13.4</b>	<b>15.5</b>	<b>26.4</b>	<b>20.3</b>
<b>Wood Group share</b>	<b>6.8</b>	<b>7.9</b>	<b>13.2</b>	<b>10.2</b>

Cash and cash equivalents amounted to \$77.5m (2020: \$71.7m) and \$8.2m (2020: \$4.3m) for EthosEnergy and RWG respectively.

Depreciation amounted to \$16.6m (2020: \$16.9m) and \$4.3m (2020: \$4.2m) for EthosEnergy and RWG respectively.

Amortisation amounted to \$1.0m (2020: \$1.0m) and \$2.5m (2020: \$2.8m) for EthosEnergy and RWG respectively.

EthosEnergy's net borrowings at 31 December 2021 amounted to \$37.5m (2020: \$43.3m).

RWG had net debt at 31 December 2021 of \$1.8m (2020: net cash \$5.6m).

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to \$59.7m at 31 December 2021 (2020: \$62.9m).

## Financial statements

### 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.

	2021 \$m	2020 \$m
Revenue	753.1	798.2
Cost of sales	(624.9)	(663.5)
Administrative expenses	(81.4)	(84.8)
Exceptional items	-	(8.0)
<b>Operating profit</b>	<b>46.8</b>	<b>41.9</b>
Net finance expense	(3.6)	(3.5)
<b>Profit before tax</b>	<b>43.2</b>	<b>38.4</b>
Tax	(11.7)	(4.8)
<b>Share of post-tax profit from joint ventures</b>	<b>31.5</b>	<b>33.6</b>

The movement in investment in joint ventures is shown below.

	2021 \$m	2020 \$m
At 1 January	168.7	168.3
Exchange movements on retranslation of net assets	0.3	0.5
Share of profit after tax	31.5	33.6
Dividends received	(26.3)	(29.6)
Impairment of joint ventures	-	(0.7)
Disposals (note 30)	(4.5)	(3.4)
<b>At 31 December</b>	<b>169.7</b>	<b>168.7</b>

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 \$4.5m disposal relates to movements on a joint venture investment in the year and other non-core joint venture disposals completed during 2021.

A full list of subsidiary and joint venture entities is included in note 37.

#### Other investments

Other investments of \$75.9m (2020: \$79.8m) 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

	2021 \$m	2020 \$m
Materials	3.7	3.9
Work in progress	0.3	0.1
Finished goods and goods for resale	11.9	7.9
	<b>15.9</b>	<b>11.9</b>



## 14 Trade and other receivables

	2021 \$m	2020 \$m
Trade receivables	805.5	741.7
Less: provision for impairment of trade receivables	(75.9)	(94.8)
Trade receivables – net	729.6	646.9
Gross amounts due from customers	628.1	638.6
Prepayments	105.8	106.8
Amounts due from joint ventures	13.1	18.0
Asbestos related insurance recoveries	13.5	18.8
Research and development credits	119.1	102.7
Other receivables	182.1	166.8
<b>Trade and other receivables – current</b>	<b>1,791.3</b>	<b>1,698.6</b>
Long term receivables – asbestos related insurance recoveries	34.0	61.9
Long term receivables – other	73.5	125.1
<b>Total receivables</b>	<b>1,898.8</b>	<b>1,885.6</b>

As at 31 December 2021, the Group had received \$200.0m (2020: \$190.0m) 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. At 31 December 2021, \$79.4m (2020: \$19.7m) had been received from customers in the normal course of business in relation to the same amounts received from the factor. This \$79.4m (2020: \$19.7m) is due to be paid over to the factor and is included in trade payables. The benefit of this arrangement of \$200m is included within cash generated from operations.

Included within other long-term receivables of \$73.5m (2020: \$125.1m) are contract assets of \$66.5m (2020: \$111.3m) in relation to the Aegis contract. Refer to note 20 for further details of the additional provisions recognised in respect of this contract.

### Financial assets

	2021 \$m	2020 \$m
Restricted cash	-	12.5
Derivative financial instruments (note 19)	7.7	8.2
	<b>7.7</b>	<b>20.7</b>

The restricted cash balance in 2020 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. In 2021, restricted cash balances are shown within cash and cash equivalents (note 15).

## Financial statements

### Notes to the financial statements continued

#### 14 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

	Trade receivables - Gross \$m	Provision for impairment \$m	Trade receivables - Net \$m	Receivable days
<b>31 December 2021</b>				
Projects	318.1	(43.7)	274.4	73
Operations	162.2	(8.2)	154.0	47
Consulting	266.8	(8.8)	258.0	76
Investment Services	58.4	(15.2)	43.2	49
<b>Total Group</b>	<b>805.5</b>	<b>(75.9)</b>	<b>729.6</b>	<b>69</b>
	Trade receivables - Gross \$m	Provision for impairment \$m	Trade receivables - Net \$m	Receivable days
<b>31 December 2020</b>				
Projects	337.4	(58.8)	278.6	61
Operations	77.2	(7.3)	69.9	35
Consulting	272.1	(10.3)	261.8	86
Investment Services	55.0	(18.4)	36.6	55
<b>Total Group</b>	<b>741.7</b>	<b>(94.8)</b>	<b>646.9</b>	<b>66</b>

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 69 indicates that closing trade receivables represent on average the most recent 69 days of revenue.

Receivable days for Investment Services has been adjusted to exclude the impact of the Aegis project for both 2021 and 2020. The Total Group Receivable days reflects all Group activity including Aegis.

The ageing of the provision for impairment of trade receivables is as follows:

	2021 \$m	2020 \$m
Up to 3 months	0.8	3.9
Over 3 months	75.1	90.9
	<b>75.9</b>	<b>94.8</b>

#### 14 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

	Projects \$m	Operations \$m	Consulting \$m	Investment Services \$m	Total \$m
<b>2021</b>					
At 1 January	58.8	7.3	10.3	18.4	94.8
Exchange movements	(2.8)	(0.1)	(0.1)	(0.7)	(3.7)
Reclassified during year	-	-	(0.1)	1.0	0.9
Tran					
Transfers during year	(0.1)	0.1	(0.1)	-	(0.1)
Tran					
Provided during year	3.0	2.2	0.1	0.3	5.6
Utilised during year	(2.4)	(0.9)	(1.0)	(3.6)	(7.9)
Released during year	(12.8)	(0.4)	(0.3)	(0.2)	(13.7)
<b>At 31 December</b>	<b>43.7</b>	<b>8.2</b>	<b>8.8</b>	<b>15.2</b>	<b>75.9</b>
<b>2020</b>					
At 1 January	49.6	9.1	13.6	18.8	91.1
Exchange movements	3.1	0.1	0.3	0.6	4.1
Transfers during year	2.3	(2.9)	(0.1)	0.7	-
Provided during year	8.0	8.9	-	-	16.9
Utilised during year	(0.4)	(2.3)	(0.1)	-	(2.8)
Released during year	(3.8)	(6.5)	(3.5)	(1.7)	(15.5)
Disposed during year		0.9	0.1	-	1.0
<b>At 31 December</b>	<b>58.8</b>	<b>7.3</b>	<b>10.3</b>	<b>18.4</b>	<b>94.8</b>

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of \$805.5m above (2020: \$741.7m) and gross amounts due from customers of \$628.1m (2020: \$638.6m) are contract assets of \$203.4m (2020: \$240.4m) 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:

	2021 \$m	2020 \$m
Up to 3 months overdue	89.6	93.4
Over 3 months overdue	113.8	147.0
	<b>203.4</b>	<b>240.4</b>

The above analysis excludes retentions relating to contracts in progress of \$90.5m (2020: \$106.4m).

#### 15 Cash and cash equivalents

	2021 \$m	2020 \$m
Cash at bank and in hand	480.0	565.9
Short-term bank deposits	10.5	19.1
Restricted cash	12.5	-
	<b>503.0</b>	<b>585.0</b>

Cash at bank and in hand at 31 December 2021 includes \$240.4m (2020: \$234.9m) 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 2021 was 2.8% (2020: 2.3%) and these deposits have an average maturity of 20 days (2020: 11 days).

The restricted cash balance 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. The 2020 comparative was included in financial assets (note 14).

## Financial statements

### Notes to the financial statements continued

#### 16 Trade and other payables

	2021 \$m	2020 \$m
Trade payables	856.6	804.8
Gross amounts due to customers	87.5	203.2
Deferred income	115.0	69.7
Other tax and social security payable	58.3	54.1
Accruals	483.1	480.7
Derivative financial instruments	3.7	2.9
Amounts due to joint ventures	0.4	1.1
Asbestos related payables	54.5	57.9
Other payables	339.5	345.3
	1,998.6	2,019.7

Trade payables includes \$79.4m (2020: \$19.7m) relating to cash received from customers which is due to be paid over to the factor.

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Other payables includes project related and other liabilities which include the amounts due under the investigation which was concluded in 2021 of \$40.6m.

#### 17 Borrowings

	2021 \$m	2020 \$m
<b>Bank loans and overdrafts due within one year or on demand</b>		
Unsecured	246.9	238.3
<b>Senior loan notes</b>		
Unsecured	35.0	77.0
<b>Total current borrowings</b>	<b>281.9</b>	<b>315.3</b>
<b>Non-current bank loans</b>		
Unsecured	845.8	493.0
<b>Senior loan notes</b>		
Unsecured	768.3	803.5
<b>Total non-current borrowings</b>	<b>1,614.1</b>	<b>1,296.5</b>

Borrowings of \$240.4m (2020: \$234.9m) that are part of the Group's cash pooling arrangements and are netted against cash for internal reporting purposes are grossed up in the short-term borrowings figure above.

Bank overdrafts are denominated in a number of currencies and bear interest based on LIBOR or the relevant foreign currency equivalent.

During the year, the Group completed planned debt refinancing which includes a \$600.0m UK Government backed term loan maturing in July 2026 and a new \$1,200.0m Revolving Credit Facility ('RCF') maturing in October 2026. These new facilities extend the maturity profile of the Group's debt facilities by replacing the previous RCF facility of \$1,514m which was due to fully mature in May 2023 and \$300m of bilateral loan facilities which were originally due to mature in May 2022 but repaid in 2021 following the receipt of the \$600m UK Government backed term loan.

The Group had total facilities of \$2,758.7m as at 31 December 2021, which comprises of a \$600.0m term loan maturing in July 2026, \$1,200.0m of Revolving Credit Facility maturing in October 2026, \$803.3m of senior loan notes in the US private placement market with varying maturities, of which \$35.0m is payable in 2022, and \$155.4m of other banking facilities.

Of the non-current borrowings of \$1,614.1m, \$20.3m is denominated in sterling, \$164.9m in Euros and the balance in US dollars.

## 17 Borrowings (continued)

The Group's principal borrowing facilities at 31 December 2021 are set out in the table below.

Facility	Total available \$m	Drawn at 31 December 2021 \$m	Undrawn at 31 December 2021 \$m	Repayable
Term loan	600.0	600.0	-	July 2026
Revolving credit facility	1,200.0	264.9	935.1	October 2026
Senior loan notes	803.3	803.3	-	Various dates
Other facilities	155.4	6.5	148.9	Various dates
Unamortised fees	-	(19.1)	19.1	N/A
	<b>2,758.7</b>	<b>1,655.6</b>	<b>1,103.1</b>	

The above table excludes borrowings of \$240.4m that are part of the Group's cash pooling arrangements and are offset by equivalent cash balances

The Group has \$803.3m (2020: \$880.5m) of unsecured senior loan notes issued in the US private placement market. The notes mature at varying dates between 2022 and 2031 as shown in the table below. Interest is payable at an average rate of 4.21% (2020: 4.13%).

Repayable	2021 \$m	2020 \$m
August 2021	-	30.0
November 2021	-	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	127.3	127.5
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
	<b>803.3</b>	<b>880.5</b>

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2021 %	2020 %
US dollar	1.79	0.78
Sterling	1.40	1.25
Euro	1.11	1.15
Australian dollar	0.55	0.55

The carrying amounts of the Group's borrowings, including those held within pooling arrangements, are denominated in the following currencies:

	2021 \$m	2020 \$m
US Dollar	1,537.3	1,477.7
Sterling	69.0	122.2
Euro	282.1	3.9
Australian dollar	0.7	0.7
Other	6.9	7.3
	<b>1,896.0</b>	<b>1,611.8</b>

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 2021, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to \$1,292.9m (2020: \$1,542.8m). At 31 December 2021, these facilities were 65% utilised (2020: 63%).

## Financial statements

### Notes to the financial statements continued

#### 17 Borrowings (continued)

##### Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2021 \$m	2020 \$m
Expiring within one year	148.9	181.8
Expiring between one and two years	-	209.0
Expiring between two and five years	954.2	1,348.0
	<b>1,103.1</b>	<b>1,738.8</b>

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2022. 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 2021	315.3	1,296.5	541.4	2,153.2
<b>Changes from financing cash flows</b>				
Proceeds from long-term borrowings	-	329.3	-	329.3
Repayment of short-term borrowings	(33.5)	-	-	(33.5)
Payment of lease liabilities (note 11)	-	-	(167.6)	(167.6)
Total changes from financing activities	(33.5)	329.3	(167.6)	128.2
Effects of changes in foreign exchange rates (note 29)	0.1	0.4	(4.2)	(3.7)
<b>Other changes</b>				
New leases (note 11)	-	-	59.9	59.9
Interest expense (note 3)	-	87.5	20.3	107.8
Interest paid	-	(87.5)	-	(87.5)
Other movements	-	(12.1)	-	(12.1)
Total liability other changes	-	(12.1)	80.2	68.1
<b>Balance at 31 December 2021</b>	<b>281.9</b>	<b>1,614.1</b>	<b>449.8</b>	<b>2,345.8</b>

	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
<b>Changes from financing cash flows</b>				
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	11	9.3	11.4
<b>Other changes</b>				
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
<b>Balance at 31 December 2020</b>	<b>315.3</b>	<b>1,296.5</b>	<b>541.4</b>	<b>2,153.2</b>

## 18 Other non-current liabilities

	2021 \$m	2020 \$m
Derivative financial instruments	8.1	16.9
Other payables	191.7	121.2
	<b>199.8</b>	<b>138.1</b>

Other payables include \$79.8m in respect of the regulatory investigations, which were closed out during the first half of 2021 and represents payments due between 2023 and 2024, \$75.9m (2020: \$79.8m) relating to the US SERP pension arrangement referred to in note 32 and unfavourable leases of \$8.6m (2020: \$17.3m). 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.

	2021 Notional contract amount \$m	2020 Notional contract amount \$m	2021 Carrying amount and fair value \$m	2020 Carrying amount and fair value \$m
Current assets	99.4	66.6	1.3	1.8
Current liabilities	(52.5)	(50.1)	(1.0)	(0.6)

A net foreign exchange loss of \$0.9m (2020: \$1.6m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

#### Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2021 Notional contract amount \$m	2020 Notional contract amount \$m	2021 Carrying amount and fair value \$m	2020 Carrying amount and fair value \$m
Current assets	583.2	458.9	6.4	6.4
Current liabilities	(411.9)	(189.4)	(2.7)	(2.3)

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.

## Financial statements

### Notes to the financial statements continued

#### 19 Financial instruments (continued)

##### (ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. At 31 December 2021, 52% (2020: 65%) 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 and deposit cash with a financial institution with a credit rating of BBB+ 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.

	2021 Hedged amount \$m	2020 Hedged amount \$m	2021 Carrying amount and fair value \$m	2020 Carrying amount and fair value \$m
Interest rate swaps	250.0	250.0	(8.1)	(16.9)

A net gain of \$8.8m (2020 loss: \$6.4m) was recognised in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges.

In 2021, the Group replaced its previous Revolving Credit Facility ('RCF') with a new \$1,200.0m RCF maturing in October 2026. The variable interest rate terms of the previous RCF were based on LIBOR whilst the new interest rate terms under the new RCF are based on the Risk-Free Interest rates for USD and GBP drawdowns.

The interest rate swaps are put in place to hedge against movements in the variable rate on the RCF. The variable rate terms on the RCF have transitioned from a three-month USD LIBOR to a three-month cumulative compound SOFR rate as a result of the refinancing. Therefore, the variable interest rate terms of the interest rate swaps were modified to match the new variable interest rate terms from 31 December 2021.

The new RCF debt matures in October 2026 and the interest rate swap matures in June 2023. It is therefore assumed that the hedge will be effective for the full period to June 2023.

If average interest rates had been 1% higher or lower during 2021 (2020: 1%), post-tax profit for the year would have been \$6.3m lower or higher respectively (2020: \$6.3m). 1% has been used in this calculation as it represents a reasonable possible change in interest rates.

##### (iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

##### (b) Credit risk

The Group's credit risk primarily relates to its trade receivables. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 6 months past due and considers a financial asset to be in default when the financial asset is more than 12 months past due. Responsibility for managing credit risk lies within the businesses with support being provided by Group and divisional management where appropriate.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group uses the simplified provision matrix when calculating expected credit losses on financial assets. The provision matrix is based on historical default rates and is adjusted for forward looking estimates. The historical default rate is determined by comparing actual contract write offs against revenue recognised over each of the prior five years. The average write off over the historical period can be applied to current year revenue. The forward-looking assessment also considers post-year end cash collection, country risk scoring, customer disputes and specific financial uncertainties.



## 19 Financial instruments (continued)

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 2021 was \$503.0m (2020: \$585.0m). The Group treasury department monitors counterparty exposure on a global basis to avoid any over exposure to any one counterparty.

The Group's policy is to deposit cash at institutions with a credit rating of at least BBB+. 100% of cash held on deposit at 31 December 2021 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 \$1,103.1m undrawn portion of the Group's committed banking facilities. The 2021 average net debt (excluding leases) was \$1,680.0m (2020: \$1,597.8m). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these averages due to a combination of factors including a strong focus on collection of receipts from customers 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 2021, 93% (2020: 94%) of the Group's principal borrowing facilities (including senior loan notes) were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations.

The Group's total bank facilities comprise of a \$600.0m term loan maturing in July 2026 and a \$1,200.0m revolving credit facility which matures in October 2026.

The Group has \$803.3m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between July 2022 and 2031.

### (d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to Adjusted EBITDA at 31 December 2021 was 3.3 times (2020: 2.1 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 4.5 times for the year ended 31 December 2021 (2020: 5.5 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2021 was 34.1% (2020: 24.3%).

### 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	2021 \$m	2020 \$m
At 1 January	-	20.0
Exchange movements	-	0.8
Interest relating to discounting of contingent consideration	-	0.2
Payments during the year	-	(21.0)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

## Financial statements

### Notes to the financial statements continued

#### 19 Financial instruments (continued)

##### Financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual und discounted cash flows which are not usually closed out before contractual maturity.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
<b>At 31 December 2021</b>				
Borrowings	333.8	51.4	1,443.6	356.1
Trade and other payables	1,935.7	-	-	-
Lease liabilities	109.2	154.3	131.5	128.8
Other non-current liabilities	-	26.9	172.6	-
<b>At 31 December 2020</b>				
Borrowings	357.2	399.3	458.7	633.6
Trade and other payables	1,965.6	-	-	-
Lease liabilities	146.3	124.1	200.3	150.5
Other non-current liabilities	-	41.3	96.7	-

##### 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 2021 was \$773.4m (book value \$845.8m) (2020: \$478.8m, book value \$493.0m). The fair value of the US Private Placement debt at 31 December 2021 was \$809.2m (book value \$803.3m) (2020: \$883.9m, book value \$880.5m).

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 2021 and 31 December 2020, there were no transfers into or out of level 2 fair value measurements.

## 20 Provisions

	Asbestos related litigation \$m	Insurance and property \$m	Litigation related provisions \$m	Project related provisions \$m	Total \$m
<b>2021</b>					
At 1 January 2021	403.7	105.0	333.0	100.9	942.6
Reclassifications	(18.9)	(0.1)	(214.6)	(1.6)	(235.2)
Utilised	(42.5)	(0.4)	(14.2)	(8.1)	(65.2)
Charge to income statement	6.3	9.1	0.7	44.7	60.8
Release of provisions	(6.3)	(25.7)	(11.7)	(22.0)	(65.7)
Exchange movements	(0.2)	(0.3)	0.2	(1.7)	(2.1)
<b>At 31 December 2021</b>	<b>342.1</b>	<b>87.6</b>	<b>93.3</b>	<b>112.2</b>	<b>635.2</b>
<b>Presented as</b>					
Current		9.0	89.0	61.0	159.0
Non-current	342.1	78.6	4.3	51.2	476.2
<b>2020</b>					
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
<b>At 31 December 2020</b>	<b>403.7</b>	<b>105.0</b>	<b>333.0</b>	<b>100.9</b>	<b>942.6</b>
<b>Presented as</b>					
Current	-	11.1	116.9	44.5	172.5
Non-current	403.7	93.9	216.1	56.4	770.1

### Asbestos related litigation

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Some of Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against these subsidiaries and the cost of resolving these claims could be higher.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 31 December 2021 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.

## Financial statements

### Notes to the financial statements continued

#### 20 Provisions (continued)

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2021			2020		
	US \$m	UK \$m	Total \$m	US \$m	UK \$m	Total \$m
<b>Asbestos related provision</b>						
Gross provision	406.0	38.2	444.2	445.0	65.7	510.7
Effect of discounting	(47.6)	-	(47.6)	(47.9)	(1.2)	(49.1)
<b>Net provision</b>	<b>358.4</b>	<b>38.2</b>	<b>396.6</b>	<b>397.1</b>	<b>64.5</b>	<b>461.6</b>
<b>Insurance recoveries</b>						
Gross recoveries	(13.1)	(34.6)	(47.7)	(25.0)	(57.4)	(82.4)
Effect of discounting	0.2	-	0.2	0.6	1.1	1.7
<b>Net recoveries</b>	<b>(12.9)</b>	<b>(34.6)</b>	<b>(47.5)</b>	<b>(24.4)</b>	<b>(56.3)</b>	<b>(80.7)</b>
<b>Net asbestos related liabilities</b>	<b>345.5</b>	<b>3.6</b>	<b>349.1</b>	<b>372.7</b>	<b>8.2</b>	<b>380.9</b>
<i>Presented in accounts as follows</i>						
Provisions – non-current			342.1			403.7
Trade and other payables			54.5			57.9
Trade and other receivables			(13.5)			(18.8)
Long term receivables			(34.0)			(61.9)
			<b>349.1</b>			<b>380.9</b>

A net interest charge of \$6.3m (2020: \$8.0m) representing the time value of money and a credit of \$6.3m (2020: charge \$17.9m), of which \$5.6m relates to the yield curve credit due to the increase in the 30-year US Treasury Bond rate in 2021 are included within exceptional items since the movements in the provision are non-trading, can be large and are driven by market conditions which are out with the Group's control.

A summary of the Group's US asbestos claim activity is shown in the table below:

	2021 Number	2020 Number
<b>Number of open claims</b>		
At 1 January	60,400	62,070
New claims	2,440	2,320
Claims resolved	(5,350)	(3,990)
<b>At 31 December</b>	<b>57,490</b>	<b>60,400</b>
Claims not valued in liability	(42,570)	(45,740)
<b>Open claims valued in liability at 31 December</b>	<b>14,920</b>	<b>14,660</b>

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 2021 activity, the Group's current forecast liabilities have been adjusted for payments made in 2021 of \$41.2m and to reflect the impact of discounting. In 2021, the liability for asbestos indemnity and defence costs to 2050 was calculated at a gross nominal amount of \$444.2m (present value \$396.6m), 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 2017 to 2021, the average combined indemnity and defence cost per resolved claim has been approximately \$5x. 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.

## 20 Provisions (continued)

The following table sets out the sensitivities associated with a change in certain estimates used in relation to the US asbestos-related liabilities:

Assumption	Impact on asbestos liabilities (range) \$m
25% change in average indemnity settlement amount	50-60
25% change in forecasted number of new claims	50-60
25% change in estimated defence costs	40-50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money.

The Group has used 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.

Duration	Rate as at 31 December 2021	Exceptional items \$m
10 year	1.52%	3.0
20 year	1.94%	(6.5)
30 year (basis used)	1.90%	(5.6)

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 \$2.2m.

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:

	2021 \$m	2020 \$m
Asbestos litigation, defence and case resolution payments	42.5	41.8
Insurance proceeds	(13.5)	(14.0)
<b>Net asbestos related payments</b>	<b>29.0</b>	<b>27.8</b>

The Group expects to have a net cash outflow of approximately \$35m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2022. This estimate assumes no new settlements with insurance companies and no elections by the Group to fund additional payments. 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 \$55.3m (2020: \$71.0m) and for property dilapidations of \$32.3m (2020: \$34.0m).

The Group currently has one captive insurance company, Garlan Insurance Limited, which is active and is based in Guernsey. The company provides insurance solely to other Group companies and does not provide any insurance to third parties. The provisions recorded represent amounts payable to external parties in respect of claims, the value of which is based on actuarial reports which assess the likelihood and value of these claims. These are reassessed annually, with movements in claim reserves being recorded in the income statement.

Property 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 cash outflow will be required.

## Financial statements

### Notes to the financial statements continued

#### 20 Provisions (continued)

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ materially from the amounts that are recognised in the financial statements. Litigation related provisions include estimated balances related to exposures acquired with Amec Foster Wheeler, which were originally measured at fair value on acquisition as required by IFRS 3 even though the relating possible cash outflow was not deemed to be probable. 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.

#### Investigations

In March 2021, WGPSN (Holdings) Ltd, a subsidiary of the Company reached a civil settlement with Scotland's Civil Recovery Unit in relation to the historical engagement of Unaoil by a legacy joint venture and potential unlawful conduct. The civil settlement relates to conduct in Kazakhstan in the period between 2008 and 2010. The settlement concludes the issue which started after the Group self-reported, having conducted a thorough internal investigation, before cooperating fully with the Crown Office and Procurator Fiscal Service ("COPFS") and the Civil Recovery Unit throughout their investigation. Under the terms of the settlement, Wood has agreed to pay approximately \$9m to the COPFS, of which around \$3m was paid during 2021 and the balance will be paid in instalments in 2022 and 2023.

In June and July 2021, the Group entered into agreements with authorities in the UK, the US, and Brazil to resolve their respective bribery and corruption investigations into the past use of third parties in the legacy Amec Foster Wheeler business. Under the terms of these agreements, the Group will pay compensation, disgorgement and pre-judgment interest, fines and penalties of approximately \$177m, of which around \$62m was paid in July 2021 and the remaining balance will be paid in instalments in 2022, 2023 and 2024. At the same time, the Group also provided for associated legal fees of approximately \$12m, which were fully utilised during 2021.

In the UK, the Company's subsidiary, Amec Foster Wheeler Energy Limited ("AFWEL") entered into a three-year deferred prosecution agreement with the Serious Fraud Office ("SFO") relating to the historical use of third-party agents for bribery and corruption in Nigeria, Saudi Arabia, Malaysia, India and Brazil over the period 1996 to 2014.

In the US, AFWEL entered into a three-year deferred prosecution agreement with the Department of Justice ("DOJ") and another subsidiary of the Company, Amec Foster Wheeler Limited ("AFWL") entered into a Cease and Desist Order with the Securities and Exchange Commission ("SEC"). In Brazil, AFWEL and Amec Foster Wheeler Americana Limitada entered into 18-month leniency agreements with the Ministério Público Federal ("MPF"), the Comptroller General's Office ("CGU") and the Solicitor General ("AGU"). The agreements in the US and Brazil all related to the historical use of third-party agents for bribery and corruption in connection with the award of a project in Brazil.

In light of the above, the Group has reclassified the provision recognised in December 2020 to Trade and other payables of which the current portion is \$40.6m and the non-current portion of \$79.8m is included in other non-current liabilities (note 18).

#### Chemical plant litigation

In 2013, one of Amec Foster Wheeler plc's subsidiaries was 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 \$761.8m, 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 that 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 willful misconduct. Except for gross negligence, willful 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 is vigorously defending the lawsuit. The trial of the lawsuit is scheduled to commence in late April 2022 and is expected to continue into the third quarter of this year. It is premature to predict the ultimate outcome of the matter.

#### Other litigations

Other items relating to litigation 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 90% complete by value at 31 December 2021 and 93.3% complete by physical progress and is expected to be operationally complete by late 2022. Management's latest estimate is that the loss at completion will be \$222m representing the expected costs to complete less estimated revenue to be earned. A charge of \$99m was made to the income statement during 2021 in relation to this project and the full amount of this loss has been recognised to date. The increased loss recognised in the year was due to changes in the best estimates of the outcome of the contract, based on the director's current strategy for completing this complex project. The estimate reflects an increase in the future legal costs, along with increases in the expected costs to complete and potential liquidated damages.

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. The ultimate loss also includes the Group's assessment of the total legal costs necessary to achieve recovery of the amounts believed to be recoverable and defend our position on liquidated damages.

At this point in time this is an estimate based on a weighted average of several possible outcomes and the actual costs could be materially higher or lower depending on actual route to settlement. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. At 31 December 2021, provisions of \$31.2m are recognised which represent the element of the full contract loss which has been recognised through the income statement to date but for which revenue has not yet been recognised or costs incurred. Refer to note 14 for further details of the additional contract assets recognised in respect of this contract.

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 2021, the Group held provisions totaling \$15.3m (2020: \$18.5m) 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.

During the period the Group reassessed the provisions created on prior period acquisitions and to the extent that they do not meet the criteria for exceptional items set out in our accounting policies, the resulting debits or credits are recorded in EBITDA.

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.

## Financial statements

### Notes to the financial statements continued

#### 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 25% (2020: 19%). The movement on the deferred tax account is shown below:

(Asset)/liability	As at 1 January 2021 \$m	Income statement \$m	OCI \$m	Other \$m	As at 31 December 2021 \$m
Accelerated capital allowances	(24.5)	(2.0)	0.3	(0.6)	(26.8)
Intangibles	259.3	(14.6)	(1.3)	(3.1)	240.3
Pension	34.5	24.9	4.2	-	63.6
Share based charges	(2.3)	0.1	-	(0.1)	(2.3)
Other temporary differences	10.7	(16.1)	2.7	(0.6)	(3.3)
Provisions	(96.8)	42.8	2.5	0.8	(50.7)
Unremitted earnings	40.3	(18.8)	0.2	-	21.7
Deferred interest deduction	(63.3)	8.6	0.5	-	(54.2)
Losses	(149.3)	(45.2)	1.4	1.6	(191.5)
<b>Total</b>	<b>8.6</b>	<b>(20.3)</b>	<b>10.5</b>	<b>(2.0)</b>	<b>(3.2)</b>

(Asset)/liability	As at 1 January 2021 \$m	Income statement \$m	OCI \$m	Other \$m	As at 31 December 2021 \$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	(7.4)	(0.1)	(96.8)
Unremitted earnings	41.8	(18)	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)
<b>Total</b>	<b>1.3</b>	<b>51.2</b>	<b>(37.0)</b>	<b>(6.9)</b>	<b>8.6</b>

Deferred tax is presented in the financial statements as follows.

	2021 \$m	2020 \$m
Deferred tax assets	(75.7)	(80.4)
Deferred tax liabilities	72.5	89.0
<b>Net deferred tax (asset)/liability</b>	<b>(3.2)</b>	<b>8.6</b>

No deferred tax liability has been recognised in respect of \$19,607.7m (2020: \$19,807.9m) of unremitted reserves of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future. The amount of unrecognised deferred tax liabilities in respect of these unremitted reserves is estimated to be \$55.6m (2020: \$35.2m).



## 21 Deferred tax (continued)

The deferred tax balances are analysed below.

### 31 December 2021

	Accelerated capital allowances \$m	Intangibles \$m	Pension \$m	Share based charges \$m	Other temporary differences \$m	Provisions \$m	Unremitted earnings \$m	Deferred interest deduction \$m	Losses \$m	Netting \$m	Total \$m
Deferred tax assets	(34.8)	(133.2)	(1.5)	(2.3)	(46.8)	(50.7)		(54.2)	(191.5)	439.3	(75.7)
Deferred tax liabilities	8.0	373.5	65.1	-	43.5	-	21.7	-	-	(439.3)	72.5
<b>Net</b>	<b>(26.8)</b>	<b>240.3</b>	<b>63.6</b>	<b>(2.3)</b>	<b>(3.3)</b>	<b>(50.7)</b>	<b>21.7</b>	<b>(54.2)</b>	<b>(191.5)</b>	<b>-</b>	<b>(3.2)</b>

Included in the \$191.5m of deferred tax assets in respect of losses is an amount of \$42.2m relating to the UK tax group which has sufficient deferred tax liabilities to offset, and \$129.4m relating to the US tax group of which \$32.7m is recognised based on forecast profits of the US business, the balance is supported by deferred tax liabilities.

### 31 December 2020

	Accelerated capital allowances \$m	Intangibles \$m	Pension \$m	Share based charges \$m	Other temporary differences \$m	Provisions \$m	Unremitted earnings \$m	Deferred interest deduction \$m	Losses \$m	Netting \$m	Total \$m
Deferred tax assets	(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
<b>Net</b>	<b>(24.5)</b>	<b>259.3</b>	<b>34.5</b>	<b>(2.3)</b>	<b>10.7</b>	<b>(96.8)</b>	<b>40.3</b>	<b>(63.3)</b>	<b>(149.3)</b>	<b>-</b>	<b>8.6</b>

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

	Tax losses \$m	Deductible temporary differences \$m	Total \$m
<b>31 December 2021</b>			
Expiring within 5 years	676.0	128.1	804.1
Expiring within 6-10 years	-	34.5	34.5
Expiring within 11-20 years	270.8	-	270.8
Unlimited	5,720.4	931.5	6,651.9
	<b>6,667.2</b>	<b>1,094.1</b>	<b>7,761.3</b>
<b>31 December 2020</b>			
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
	<b>6,664.5</b>	<b>1,027.4</b>	<b>7,691.9</b>

## Financial statements

### Notes to the financial statements continued

#### 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'), the Employee Share Plan ('ESP') and the Share Incentive Plan ('SIP'). The charge to operating profit for these schemes for the year amounted to \$22.1m (2020: \$24.3m) 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, gross margin, overhead improvement, EBITDA margin, revenue growth and ESG targets including reducing carbon emissions and leadership gender diversity. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Where performance applies, this is measured over a three year period and up to 80% of an award may vest based on the performance over that period. The vesting of at least 20% of any award is normally deferred for a further period of at least two years. 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 2021	Awards outstanding 31 December 2020
8	2015-17	£5.95	-	12,232
11	2018-20	£6.67	773,800	3,613,460
12	2019-21	£5.69	5,085,975	5,383,090
13	2020-22	£3.64	7,943,623	8,447,322
14	2021-23	£3.17	9,448,976	-
			23,252,374	17,451,104

9,885,096 awards were made during the year; 183,895 awards accrued in respect of dividends; 1,257,013 awards were exercised during the year and 3,010,708 awards lapsed or were cancelled due to performance targets not being achieved.

The awards outstanding under cycle 11 represent 100% of the deferred award for directors and 20% of the award for all other participants at vesting which is deferred for two years.

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 and deferred bonus	
	2021	2020	2021	2020
Number of participants	400	400	85	85
Lapse rate	25%	25%	10%	10%
Risk free rate of return on grants during year	N/A	N/A	0.43%	0.27%
Share price volatility	40%	40%	40%	40%
Dividend yield on grants during year	N/A	N/A	0%	5.06%
Fair value of options granted during year	N/A	N/A	£2.30-£2.48	£3.15-£3.57
Weighted average remaining contractual life	1.4 years	2.2 years	2.4 years	1.7 years
Options outstanding 1 January	1,991,512	2,317,065	2,060,519	2,100,200
Options granted during the year	-	-	2,134,000	1,176,834
Options exercised during the year	-	(5,419)	(891,340)	(1,184,884)
Options lapsed during the year	(451,224)	(320,134)	(50,001)	(52,367)
Dividends accrued on options	-	-	31,090	20,736
Options outstanding 31 December	1,540,288	1,991,512	3,284,268	2,060,519
No. of options exercisable at 31 December	1,487,538	1,991,512	219,300	93,932
Weighted average share price of options exercised during year	N/A	£4.12	£2.45	£1.74

### Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2021	2020		
2011	-	212,635	529½p	2015-2021
2012	338,788	406,877	680½p	2016-2022
2013	622,000	707,000	845½p	2017-2023
2014	579,500	665,000	767½p	2018-2024
	1,540,288	1,991,512		

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.

## Financial statements

### Notes to the financial statements continued

## 22 Share based charges (continued)

### Nil value share options

The following options granted under the Group's LTP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2021	2020		
2016	-	29,792	0.00p	2020-2021
2017	-	-	0.00p	2019-2020
2017	110,000	367,083	0.00p	2021-2022
2018	-	4,461	0.00p	2020-2021
2018	189,970	227,365	0.00p	2022-2023
2019	-	50,000	0.00p	2020-2021
2019	109,300	490,462	0.00p	2021-2022
2019	-	2,500	0.00p	2023-2024
2020	765,998	883,856	0.00p	2022-2023
2020	5,000	5,000	0.00p	2023-2024
2021	100,000	-	0.00p	2023-2024
2021	2,004,000	-	0.00p	2025-2026
	<b>3,284,268</b>	<b>2,060,519</b>		

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 the ESP in 2016. Under the plan employees contribute regular monthly amounts which are used to purchase shares over a one-year period. At the end of the year, the participating employees are awarded one free share for every two shares purchased, providing they remain in employment for a further year. During 2021, 1,537,990 shares were awarded in relation to the ESP, of which 433,118 and 1,104,872 shares related to the 2020/21 and 2021/22 schemes respectively.

### Share incentive plan

The Group introduced the SIP in 2021. Under the plan, which is recognised by HM Revenue and Customs, employees contribute regular monthly amounts of up to £150 per month to purchase shares. The participating employees are awarded one free share for every two purchased, provided that they hold the purchased shares for 3 years and remain in employment. During 2021, 212,436 matching shares were awarded.

## 23 Share capital

Ordinary shares of 4½ pence each (2020: 4½ pence)		2021		2020
Authorised, issued and fully paid	shares	\$m	shares	\$m
At 1 January	688,339,369	41.1	684,939,369	40.9
Allocation of new shares to employee share trusts	3,500,000	0.2	3,400,000	0.2
<b>At 31 December</b>	<b>691,839,369</b>	<b>41.3</b>	<b>688,339,369</b>	<b>41.1</b>

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

	2021	2020
	\$m	\$m
<b>At 1 January and 31 December</b>	<b>63.9</b>	<b>63.9</b>

The shares allocated to the trust during the year were issued at 4½ pence (2020: 4½ pence).

## 25 Retained earnings

	2021 \$m	2020 \$m
At 1 January	1,455.2	1,806.4
Loss for the year attributable to owners of the parent	(139.5)	(229.5)
Credit relating to share based charges (note 22)	22.1	24.3
Re-measurement loss on retirement benefit liabilities (note 32)	83.3	(178.7)
Movement in deferred tax relating to retirement benefit liabilities	(9.5)	36.8
Shares allocated to employee share trusts	(0.2)	(0.2)
Deferred tax impact of rate change in equity	4.5	(13)
Tax on derivative financial instruments	(3.4)	1.6
Other tax movements in equity	(0.1)	(0.7)
Exchange movements in respect of shares held by employee share trusts	1.1	(3.5)
Purchase of shares by employee share trusts for the Share Incentive Plan (SIP)	1.5	-
<b>At 31 December</b>	<b>1,415.0</b>	<b>1,455.2</b>

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 (2020: nil)

### Shares held by employee share trusts

	2021		2020	
	Shares	\$m	Shares	\$m
Balance 1 January	15,006,961	112.8	13,678,914	109.1
New shares allocated	3,500,000	0.2	3,400,000	0.2
Shares issued to satisfy option exercises	(870,503)	-	(1,369,582)	-
Shares issued to satisfy awards under Long Term Incentive Plan	(1,257,013)	-	(49,960)	-
Shares issued to satisfy awards under Employee Share Plan	(1,383,506)	-	(652,199)	-
Shares issued to satisfy awards under Share Incentive Plan	(637,925)	-	-	-
Other share transactions	-	-	(212)	-
Exchange movement	-	(1.1)	-	3.5
<b>Balance 31 December</b>	<b>14,358,014</b>	<b>111.9</b>	<b>15,006,961</b>	<b>112.8</b>

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 2021 was \$37.1m (2020: \$63.6m) based on the closing share price of £1.91 (2020: £3.10) and closing exchange rate of 1.3545 (2020: 1.3669). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

## Financial statements

### Notes to the financial statements continued

#### 26 Merger reserve

	2021 \$m	2020 \$m
<b>At 1 January and 31 December</b>	<b>2,540.8</b>	<b>2,540.8</b>

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Group. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualified for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares was credited to a merger reserve rather than the share premium account.

In November 2019, John Wood Group PLC (the Company) sold its investment in Amec Foster Wheeler Limited and other subsidiaries to another subsidiary company, John Wood Group Holdings Limited for \$2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

#### 27 Other reserves

	Capital reduction reserve \$m	Capital redemption reserve \$m	Currency translation reserve \$m	Hedging reserve \$m	Total \$m
At 1 January 2020	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
<b>At 31 December 2020</b>	<b>88.1</b>	<b>439.7</b>	<b>(441.1)</b>	<b>(17.7)</b>	<b>69.0</b>
Cash flow hedges	-	-	-	7.9	7.9
Exchange movement on retranslation of foreign operations	-	-	(56.3)	-	(56.3)
Exchange movement on disposal of foreign operations	-	-	0.4	-	0.4
<b>At 31 December 2021</b>	<b>88.1</b>	<b>439.7</b>	<b>(497.0)</b>	<b>(9.8)</b>	<b>21.0</b>

The capital reduction reserve was created subsequent to the Group's IPO in 2002 and is a distributable reserve.

The capital redemption reserve was created following a share issue that formed part of a return of cash to shareholders in 2011. This is not a distributable reserve.

The currency translation reserve relates to the retranslation of foreign currency net assets on consolidation. This was reset to zero on transition to IFRS at 1 January 2004. The movement during the year relates to the retranslation of foreign operations, including goodwill and intangible assets recognised on acquisition.

The hedging reserve relates to the accounting for derivative financial instruments under IFRS 9. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

#### 28 Non-controlling interests

	2021 \$m	2020 \$m
At 1 January	2.8	5.5
Share of profit for the year	4.0	1.4
Dividends paid to non-controlling interests	(2.7)	(4.9)
Transactions with non-controlling interests	(0.8)	0.8
<b>At 31 December</b>	<b>3.3</b>	<b>2.8</b>

## 29 Cash generated from operations

	Note	2021 \$m	2020 \$m
<b>Reconciliation of loss before tax to cash generated from operations:</b>			
Loss before tax from continuing operations		(80.6)	(148.6)
Finance income		(3.3)	(13.4)
Finance expense		116.2	129.1
Operating profit/(loss) from continuing operations		32.3	(32.9)
Less share of post-tax profit from joint ventures		(31.5)	(33.6)
		0.8	(66.5)
Adjustments for:			
Depreciation	10	34.9	38.9
Depreciation on right of use assets	11	101.9	125.4
Gain on disposal of leases		(1.0)	-
(Gain)/loss on disposal of property plant and equipment	4	(10.0)	8.0
Impairment of property, plant and equipment	10	4.0	-
Impairment of right of use assets	11	2.0	-
Gain on disposal of businesses	30	-	(58.4)
Gain on disposal of investment in joint ventures	30	(14.4)	(0.7)
Amortisation of intangible assets	9	189.9	225.5
Share based charges	22	22.1	24.3
Decrease in provisions	20	(75.6)	(45.4)
Dividends from joint ventures	12	26.3	29.6
Exceptional items – non-cash impact	1	126.2	205.1
<b>Changes in working capital</b> (excluding effect of acquisition and divestment of subsidiaries)			
Decrease in inventories		0.1	0.9
(Increase)/decrease in receivables		(70.1)	504.2
Decrease in payables		(326.1)	(627.1)
Exchange movements		2.9	(17.6)
<b>Cash generated from operations</b>		<b>13.9</b>	<b>346.2</b>

### Analysis of net debt

	At 1 January 2021 \$m	Cash flow \$m	Other \$m	Exchange movements \$m	At 31 December 2021 \$m
<b>2021</b>					
Short term borrowings	(315.3)	33.5	-	(0.1)	(281.9)
Long term borrowings	(1,296.5)	(329.3)	12.1	(0.4)	(1,614.1)
	(1,611.8)	(295.8)	12.1	(0.5)	(1,896.0)
Cash and cash equivalents	585.0	(77.0)	-	(5.0)	503.0
Restricted cash	12.5	(12.5)	-	-	-
<b>Net debt excluding leases</b>	<b>(1,014.3)</b>	<b>(385.3)</b>	<b>12.1</b>	<b>(5.5)</b>	<b>(1,393.0)</b>
Leases	(541.4)	167.6	(80.2)	4.2	(449.8)
<b>Net debt including leases</b>	<b>(1,555.7)</b>	<b>(217.7)</b>	<b>(68.1)</b>	<b>(1.3)</b>	<b>(1,842.8)</b>

## Financial statements

### Notes to the financial statements continued

#### 29 Cash generated from operations (continued)

	At 1 January 2020 \$m	Cash flow \$m	Other \$m	Exchange movements \$m	At 31 December 2020 \$m
<b>2020</b>					
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	\$85.0
Cash included in assets held for sale (see note 30)	54.9	(54.9)	-	-	-
Restricted cash	-	12.5	-	-	12.5
<b>Net debt excluding leases</b>	<b>(1,424.0)</b>	<b>383.9</b>	<b>0.3</b>	<b>25.5</b>	<b>(1,014.3)</b>
Leases	(583.3)	188.4	(137.2)	(9.3)	(541.4)
<b>Net debt including leases</b>	<b>(2,007.3)</b>	<b>572.3</b>	<b>(136.9)</b>	<b>16.2</b>	<b>(1,555.7)</b>

Other movements of \$68.1m (2020: \$136.9m) relate to lease additions of \$70.5m (2020: \$124.5m), interest expense related to lease liabilities of \$20.3m (2020: \$30.1m), offset by disposals of \$10.6m (2020: \$17.4m). The non-cash movement in the lease liability of \$80.2m (2020: \$137.2m) was offset by the movement in unamortised bank fees of \$12.1m (2020: \$0.3m).

#### 30 Acquisitions and divestments

Contingent consideration payments of \$nil (2020: \$21.0m) were made during the year in respect of acquisitions made in prior periods. Total deferred and contingent consideration outstanding at 31 December 2021 amounted to \$nil (2020: \$nil). See note 19.

##### Divestments

During 2021, the Group disposed of its joint venture interest in Sulzer Wood Limited. The assets and liabilities disposed of are set out in the table below:

	2021 \$m
Investment	4.5
<b>Net assets disposed</b>	<b>4.5</b>
Post-acquisition translation reserve	(0.4)
Cash received	19.3
<b>Gain on disposal (see note 5)</b>	<b>14.4</b>

The cash inflow in respect of these disposals is analysed below:

	\$m
Gross proceeds received	19.3
Disposal costs paid	-
<b>Cash inflow</b>	<b>19.3</b>



## 31 Employees and directors

<b>Employee benefits expense</b>	<b>2021 \$m</b>	<b>2020 \$m</b>
Wages and salaries	2,827.5	3,020.0
Social security costs	211.7	231.6
Pension costs – defined benefit schemes (note 32)	3.7	1.1
Pension costs – defined contribution schemes (note 32)	104.6	122.9
Share based charges (note 27)	22.1	24.3
	<b>3,169.6</b>	<b>3,399.9</b>

<b>Average monthly number of employees (including executive directors)</b>	<b>2021 No.</b>	<b>2020 No.</b>
By geographical area:		
UK	5,491	6,240
US	10,926	13,400
Rest of the World	19,062	19,808
	<b>35,479</b>	<b>39,448</b>

The average number of employees excludes contractors and employees of joint venture companies.

<b>Key management compensation</b>	<b>2021 \$m</b>	<b>2020 \$m</b>
Salaries and short-term employee benefits	10.3	5.8
Amounts receivable under long-term incentive schemes	0.2	-
Social security costs	1.1	0.6
Post-employment benefits	0.2	0.2
Share based charges	3.6	4.9
	<b>15.4</b>	<b>11.5</b>

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 2021, key management held 0.1% of the voting rights of the company.

<b>Directors</b>	<b>2021 \$m</b>	<b>2020 \$m</b>
Aggregate emoluments	3.3	2.5
Aggregate amounts receivable under long-term incentive schemes	0.1	-
Aggregate gains made on the exercise of share options	0.2	0.1
Share based charges	1.4	1.8
	<b>5.0</b>	<b>4.4</b>

At 31 December 2021, one director (2020: one) had retirement benefits accruing under a defined contribution pension plan and no directors (2020: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

## Financial statements

### Notes to the financial statements continued

#### 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 2021, the largest schemes by gross obligation 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 2021. The assets of the schemes are stated at their aggregate market value as at 31 December 2021.

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:

	2021 Wood Pension Plan	2021 FW Inc SEPP	2021 FW Inc PPCE	2020 Wood Pension Plan	2020 FW Inc SEPP	2020 FW Inc PPCE
Active members	494	48	38	494	56	45
Deferred members	8,313	453	653	8,313	497	681
Pensioner members	10,149	2,305	857	10,149	2,342	843

Active members includes deferred members still employed but not actively contributing to the scheme.

The principal assumptions made by the actuaries at the balance sheet date were:

	2021 Wood Pension Plan %	2021 FW Inc SEPP %	2021 FW Inc PPCE %	2020 Wood Pension Plan %	2020 FW Inc SEPP %	2020 FW Inc PPCE %
Discount rate	1.8	2.6	2.6	1.4	2.1	2.1
Rate of increase in pensions in payment and deferred pensions	3.1	N/A	N/A	2.7	N/A	N/A
Rate of retail price index inflation	3.3	N/A	N/A	2.9	N/A	N/A
Rate of consumer price index inflation	2.8	N/A	N/A	2.4	N/A	N/A

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2021 were as follows –

Scheme	Mortality assumption
Wood Pension Plan	Scheme specific table with CMI 2020 (SK +7.5) projections and a long-term rate of improvement of ~.25% pa
FW Inc SEPP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MP-2021 with no collar adjustments

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.

Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. The CMI's latest mortality projections model 'CMI 2020', published in March 2021, does not place any weight on Covid-19 pandemic mortality data and so continues to assume mortality rates improve in the short to medium term. The Group, in conjunction with the schemes' actuaries, continues to monitor the impact of the pandemic on these assumptions and has reserved any adjustment for future reporting periods when appropriate pandemic experience can be observed. Any potential future adjustment is likely to reflect mortality rates being elevated due to the adverse impact of the pandemic and will reduce the defined benefit obligation.

## 32 Retirement benefit schemes (continued)

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2021 Wood Pension Plan	2021 FW Inc SEPP	2021 FW Inc PPCE	2020 Wood Pension Plan	2020 FW Inc SEPP	2020 FW Inc PPCE
Life expectancy at age 65 of male aged 45	24.1	22.0	22.0	24.1	21.9	21.9
Life expectancy at age 65 of male aged 65	22.8	20.5	20.5	22.7	20.4	20.4
Life expectancy at age 65 of female aged 45	25.5	23.9	23.9	25.5	23.8	23.8
Life expectancy at age 65 of female aged 65	24.0	22.5	22.5	24.0	22.4	22.4

The amounts recognised in the income statement are as follows:

	2021 \$m	2020 \$m
Current service cost	3.7	1.1
Past service (credit)/cost	(4.8)	4.1
<b>Total (income)/expense included within operating profit</b>	<b>(1.1)</b>	<b>5.2</b>

Interest cost	69.0	86.1
Interest income on scheme assets	(69.2)	(89.9)
<b>Total included within finance income</b>	<b>(0.2)</b>	<b>(3.8)</b>

The amounts recognised in the balance sheet are determined as follows:

	2021 \$m	2020 \$m
Present value of funded obligations	(4,626.6)	(4,779.9)
Fair value of scheme assets	4,811.5	4,844.3
<b>Net surplus</b>	<b>184.9</b>	<b>64.4</b>

Changes in the present value of the defined benefit liability are as follows:

	2021 \$m	2020 \$m
Present value of funded obligations at 1 January	4,779.9	4,233.7
Current service cost	3.7	1.1
Past service (credit)/cost	(4.8)	4.1
Interest cost	69.0	86.1
Contributions	-	-
Re-measurements:		
- actuarial (gains)/losses arising from changes in financial assumptions	(73.0)	504.1
- actuarial losses arising from changes in demographic assumptions	35.7	29.1
- actuarial losses/(gains) arising from changes in experience	53.6	(16.9)
Benefits paid	(201.6)	(209.2)
Exchange movements	(35.9)	147.8
<b>Present value of funded obligations at 31 December</b>	<b>4,626.6</b>	<b>4,779.9</b>

## Financial statements

### Notes to the financial statements continued

#### 32 Retirement benefit schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2021 \$m	2020 \$m
Fair value of scheme assets at 1 January	4,844.3	4,474.7
Interest income on scheme assets	69.2	89.9
Contributions	50.1	15.2
Benefits paid	(201.6)	(209.2)
Re-measurement gains on scheme assets	99.6	337.6
Expenses paid	(9.4)	(10.0)
Exchange movements	(40.7)	146.1
<b>Fair value of scheme assets at 31 December</b>	<b>4,811.5</b>	<b>4,844.3</b>

Analysis of the movement in the balance sheet surplus:

	2021 \$m	2020 \$m
Surplus at 1 January	64.4	241.0
Current service cost	(3.7)	(1.1)
Past service credit/(cost)	4.8	(4.1)
Finance income	0.2	3.8
Contributions	50.1	15.2
Re-measurement gains/(losses) recognised in the year	83.3	(178.7)
Expenses paid	(9.4)	(10.0)
Exchange movements	(4.8)	(1.7)
<b>Surplus at 31 December</b>	<b>184.9</b>	<b>64.4</b>

The net surplus at 31 December is presented in the Group balance sheet as follows:

	2021 \$m	2020 \$m
Wood Pension Plan	259.6	188.8
<b>Retirement benefit scheme surplus</b>	<b>259.6</b>	<b>188.8</b>
Foster Wheeler Inc SEPP/PPCE	(43.1)	(83.1)
All other schemes	(31.6)	(41.3)
<b>Retirement benefit scheme deficit</b>	<b>(74.7)</b>	<b>(124.4)</b>
<b>Net surplus</b>	<b>184.9</b>	<b>64.4</b>

### 32 Retirement benefit schemes (continued)

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2021 Wood Pension Plan %	2021 FW Inc SEPP %	2021 FW Inc PPCE %	2020 AFW Pension Plan %	2020 FW Inc SEPP %	2020 FW Inc PPCE %
Active members	6.4	4.6	2.3	6.3	4.6	2.7
Deferred members	45.0	22.1	17.6	43.5	20.2	20.2
Pensioner members	48.6	73.3	80.1	50.2	75.2	77.1

The weighted average duration of the defined benefit obligation is as follows:

	2021 Wood Pension Plan years	2021 FW Inc SEPP years	2021 FW Inc PPCE years	2020 AFW Pension Plan years	2020 FW Inc SEPP years	2020 FW Inc PPCE years
Duration of defined benefit obligation	17.0	9.5	9.1	18.0	9.6	9.8

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021 Wood Pension Plan %	2021 FW Inc SEPP %	2021 FW Inc PPCE %	2020 AFW Pension Plan %	2020 FW Inc SEPP %	2020 FW Inc PPCE %	2021 Quoted on active market %	2020 Quoted on active market %
Equities	10.7	54.4	59.7	14.5	60.0	60.0	97.4	100.0
Property	2.6	-	-	5.8	-	-	-	-
Bonds (including gilts)	84.8	44.6	39.3	77.0	40.0	40.0	99.9	99.8
Cash	2.8	1.0	1.0	2.3	-	-	100.0	100.0
Other	(0.9)	-	-	0.4	-	-	-	-
	100.0	100.0	100.0	100.0	100.0	100.0	n/a	n/a

As at 31 December 2021, 98.0% (2020: 94.1%) 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.

The Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act of 2021 (ARPA) has provided the Group with funding relief on US pension schemes through changes in the assumptions used to determine the ongoing Required Minimum Contributions. This relief has eliminated \$10.3m of 2021 cash contributions and is expected to eliminate \$13.6m of 2022 contributions based on US Treasury guidance.

No changes to future contribution levels have been agreed for the Wood Pension Plan.

Total contributions expected to be paid during the financial year ending 31 December 2022 amount to \$43.4m (2020: \$45.2m for the financial year ending 31 December 2021).

## Financial statements

### Notes to the financial statements continued

#### 32 Retirement benefit schemes (continued)

##### Scheme risks

The retirement benefit schemes are exposed to a number of risks, the most significant of which are –

##### Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

##### Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

##### Inflation risk

The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

##### Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

##### Sensitivity of the retirement benefit obligation

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

	Wood Pension Plan 2021 \$m	Wood Pension Plan 2020 \$m	FW Inc SEPP 2021 \$m	FW Inc SEPP 2020 \$m	FW Inc PPCE 2021 \$m	FW Inc PPCE 2020 \$m
<b>Approximate increase/(decrease) on scheme liabilities</b>						
<b>Discount rate</b>						
Plus 0.1%	(68.4)	(73.7)	(1.0)	(1.0)	(1.8)	(2.2)
Minus 0.1%	70.2	75.2	1.0	1.0	1.9	2.2
<b>Inflation</b>						
Plus 0.1%	38.5	44.6	N/A	N/A	N/A	N/A
Minus 0.1%	(38.3)	(44.5)	N/A	N/A	N/A	N/A
<b>Life expectancy</b>						
Plus 1 year	196.4	194.2	4.3	4.6	8.9	10.0
Minus 1 year	(192.2)	(190.7)	(4.2)	(4.5)	(8.9)	(9.9)

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:

	2021 \$m	2020 \$m
Defined contribution plans	104.6	122.9

There were no material contributions outstanding at 31 December 2021 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 \$0.1m (2020: \$0.3m) 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 \$75.9m (2020: \$79.8m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

### 33 Contingent liabilities

#### Cross guarantees

At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

#### Legal Claims

From time to time, the Group is notified of claims in respect of work carried out. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made. This includes a civil administrative determination, which we believe to be without legal or factual merit, made by the Contraloría General de la República de Colombia against two Amec Foster Wheeler subsidiaries, along with 22 others, in relation to work carried out for Refinería de Cartagena, S.A ("Reficar") between 2009 and 2016. 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.

#### Investigations

Following the settlement of the various regulatory investigations described in Note 20, it remains possible that there may be other adverse consequences for the Group's business including actions by authorities in other jurisdictions. At this time, these consequences and likelihood cannot be reliably estimated, and therefore no provision has been made in respect of them in the financial statements.

#### Employment claims

In October 2021 the Group received assessments from HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. We believe it is more likely than not that we will be able to defend this challenge and therefore as a result do not expect that it is probable a liability will arise. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position is approximately \$31m.

#### 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.

#### Tax planning

HMRC have challenged the deductibility of certain interest expenses previously considered as part of the EU State Aid investigation into the UK controlled foreign company regime. HMRC are currently at the information gathering stage. We believe that the interest deductions have been appropriately taken in line with tax legislation and guidance and therefore do not expect any outflow as a result, however we continue to monitor case law in the area and will consider the challenges of HMRC when raised. The maximum potential exposure to the Group including interest in relation to the interest deductions is approximately \$39m.

## Financial statements

### Notes to the financial statements continued

#### 34 Capital and other financial commitments

	2021 \$m	2020 \$m
Contracts placed for future capital expenditure not provided in the financial statements	119.9	112.6

The capital expenditure above relates to property plant and equipment and software costs.

#### 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.

	2021 \$m	2020 \$m
Sale of goods and services to joint ventures	21.4	37.5
Purchase of goods and services from joint ventures	3.5	1.8
Receivables from joint ventures	13.1	18.0
Payables to joint ventures	0.4	1.2

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.

#### 36 Post balance sheet events

The Board concluded in January 2022 that a sale of the built environment business is the best option to deliver value for our shareholders. Given the decision was made after the year end, this is a non-adjusting post balance sheet event and so was not held for sale at the balance sheet date. Once completed, the sale will strengthen the balance sheet by reducing net debt. It is not possible to estimate the impact on net assets and profit before tax at the point of approval of these financial statements.



### 37 Subsidiaries, joint ventures and other related undertakings

The Group's subsidiary and joint venture undertakings at 31 December 2021 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 %
<b>Algeria</b>		
SARL Wood Group Algeria	Regus Algeria, Tour Nord,, Centre Commercial et Administratif de Bab Ezzouar, Quartier d'affaires de Bab Ezzouar, Algeria Properties	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
<b>Angola</b>		
Production Services Network Angola Limitada	RuaK ma Kienca, Edificio SGEF, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade, Bairro Miramar, Simbizanga, Luanda, Angola	41*
<b>Argentina</b>		
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
<b>Australia</b>		
Amec Foster Wheeler Australia Pty Ltd	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia	100
Wood Australia 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 3, 171 Collins Street, Melbourne, VIC 3000, Australia	100
SVT Holdings Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia 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
<b>Azerbaijan</b>		
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
<b>Bermuda</b>		
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
<b>Brazil</b>		
Amec Foster Wheeler America Latina, Ltda	Centro Empresarial Ribeirao Office Tower, Av. Braz Oliaia Acosta, 727 - 18 andar - SI 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, Sobrelaja, 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 da 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
<b>Brunei Darussalam</b>		
Amec Foster Wheeler (B) SDN BHD	Unit No.s 406A-40A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	100
<b>Bulgaria</b>		
AMEC Minproc Bulgaria EOOD	7th Floor, 7-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
<b>Cameroon</b>		
Amec Foster Wheeler Cameroun SARL	Cap Limboh, Limbe, BP1280, Cameroon	100

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<b>Canada</b>		
2292127 Alberta Ltd	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Amec Foster Wheeler Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Rider Hunt International (Alberta) Inc	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood 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
<b>Cayman Islands</b>		
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
<b>Chile</b>		
AMEC CADE Ingeniería y Desarrollo De Proyectos Limitada	Av. Larraín 5862, Piso 11, La Reina, Santiago	100
Amec Foster Wheeler International Ingeniería y Construcción Limitada	Avenida Presidente Riesco 5335, Piso 8 Las Condes	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, of. 7, Comuna de Providencia, Santiago, Chile	100
<b>China</b>		
Amec Foster Wheeler Engineering & Consulting (Shanghai) Co., Ltd	Room 204, Building 1, No. 1287, Shangcheng Road, Pudong New District, Shanghai	100
Liaoning Province Pharmaceutical Planning and Designing Institution Co. Ltd.	3rd Floor, Gate 4, 153-10 Chuangxin Road, Hunnan District, Shenyang, Liaoning Province, China	100
Shenyang Dongyu Youan Pharmaceutical Technology Co. Ltd.	Gate 2, 8# Wulihe Street, Heping District, Shenyang, Liaoning Province, China	76
<b>Colombia</b>		
Wood Engineering & Consultancy Colombia S.A.S	Carrera 11 A No. 96-51 5th floor, Bogotá D.C., Colombia	100
<b>Cyprus</b>		
AMEC Overseas (Cyprus) Limited	1, Lampousas Street, 1095 Nicosia, Cyprus	100
WGFS 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
<b>Democratic Republic of Congo</b>		
MDM Engineering SPRL	32 Avenue 32, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo	100
<b>Egypt</b>		
Foster Wheeler Petroleum Services S.A.E.	Al-Amerya General Free Zone, Alexandria, Egypt	100
<b>Equatorial Guinea</b>		
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
<b>France</b>		
Amec Foster Wheeler France S.A	14, Place de la Coupole, Charenton-le-Pont, France, 94220	100
Wood Group Engineering Services (France) SAS	6Pl de la Madeleine, 75008, Paris, France	100
Wood Group France SAS	108 rue de Longchamp 75116 Paris	100
<b>Gabon</b>		
Production Services Network Gabon SARL	1149, Republic Boulevard, CEDAM Building, 6th Floor, Bali - Douala, Douala, PO Box 3586, Cameroon	100
<b>Germany</b>		
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, 60379, Germany	100

<b>Ghana</b>		
Amec Foster Wheeler Operations Ghana Limited	House Number 4, Momotse Avenue, Behind All Saints Anglican Church, Adabraka, PO Box GP 1632, Accra, Greater Accra, Ghana	100
Wood & BBS Ghana Ltd	No 4 Momotse Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana	80
Wood Group Ghana Limited	20 Jones Nelson Road, Adabraka, Accra, Ghana	49*
<b>Greece</b>		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	15 Meandrou Street, Athens, 115 28, Greece	100
<b>Guatemala</b>		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	Ciudad Guatemala, Guatemala	100
<b>Guernsey</b>		
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 JSA Holdings Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
<b>Hong Kong</b>		
AMEC As a Pacific Limited	3806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	99
ScurrEnergy Hong Kong Limited	26/F Beautiful Group Tower, 77 Connaught Road Central, Hong Kong	100
<b>India</b>		
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, Mohim, Mumbai, 400016, India	100
Wood India Engineering & Projects Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood Group Kenny India Private Limited	15th Floor Tower-B, Building No. 5, DLF Cyber City, HR, Phase III Gurgaon, 122002, India	100
Wood Group PSN India Private Limited	5th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai, 600113, India	100
<b>Indonesia</b>		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia	55
PT Australian Skills Training	Green Town Warehouse No. 2, Bengkong-Batam-Indonesia, Indonesia	95
PT Foster Wheeler O&G Indonesia	Perkantoran Pulo mas Blok VII No 2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia	90
PT Harding Lawson Indonesia	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	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 Selatan, DKI Jarkarta, Malaysia	90
<b>Iran</b>		
Foster Wheeler Adibi Engineering	9th Floor Aluminum Building, Avenue Shah, Tehran	45
Wood Group Iran - Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park, Qeshm Island, Annaba, Iran	97
<b>Iraq</b>		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106, St 19, Sec 2'3, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 73A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Wood Group, LLC	Shores, Hadid and Khashab St., Kurdistan, Erbil, Iraq	100
<b>Ireland</b>		
Wood Group Kenny Ireland Limited	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
<b>Italy</b>		
Geo Rinnovabile S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream1 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream2 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
HWF S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Hybrid Energy S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Tre Rinnovabili S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
Wood 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

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<b>Jamaica</b>		
Monenco Jamaica Limited	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
<b>Jersey</b>		
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
<b>Kazakhstan</b>		
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
<b>Kuwait</b>		
AMEC Kuwait Project Management and Contracting Company W.L.L	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City	49*
<b>Liberia</b>		
Amec Foster Wheeler Liberia Inc	King Plaza, 2nd-4th Floors, Broad Street, Monrovia 10, Liberia	100
<b>Luxembourg</b>		
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
<b>Malaysia</b>		
Amec Foster Wheeler OPE Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
BMA Engineering SDN BHD.	Unit C-12-4, Level 12, Block C, Megan Avenue II, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50450, Malaysia	100
Foster Wheeler (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Foster Wheeler E&C (Malaysia) Sdn. Bhd	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	70
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group 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, Damansara, 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
<b>Mauritius</b>		
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
<b>Mexico</b>		
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 66720 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 Pionta 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
Foster Wheeler Constructors de Mexico S. de R.L. de C.V	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	80
Global Mining Projects and Engineering, S.A. de C.V	Calle Coronado 124, Zona Centro, Chihuahua, Chihuahua, 31000, Mexico	100
Harding Lawson de Mexico S.A. de C.V	Fairfax Omega, Campos Eliseos 345, floors 2, 3 & 11 Chap. Itaper 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 Napoléon, Municipio Benito Juárez, between Calle Vermont and Calle Yosemite Mexico City, 03810, Mexico	100
Wood Group Management Services de Mexico S.A. de C.V	Bld. Manuel Avila Camacho 40 - 1801, Lomas de Chapultepec, Delegación Miguel Hidalgo, Mexico, D.F 11000	100

<b>Mongolia</b>		
AMEC LLC	Mongol TV Tower-1005, Chinggis Avenue, Sukhbaatar District, 1st khoroo, Ulaanbaatar, Mongolia	100
<b>Mozambique</b>		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschild II, Av Julius Nyerere, nº 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
<b>Netherlands</b>		
AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
AMEC Investments B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
Foster Wheeler Continental B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
Foster Wheeler Europe BV	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
John Wood Group B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
John Wood Group Holdings BV	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
<b>New Zealand</b>		
M&C Pacific Limited	26 Manadon Street, Spotswood, New Plymouth, 4310, New Zealand	100
<b>Nigeria</b>		
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
AMFC 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
<b>Norway</b>		
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
<b>Oman</b>		
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
<b>Panama</b>		
MACTEC Engineering and Consulting, Corp.	Brisas del Golf, Street 17, House 4-E Panama City, Panama	0**
<b>Papua New Guinea</b>		
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 Moresby, Papua New Guinea, National Capital District, Papua New Guinea	100
<b>Peru</b>		
Wood Ingenieria y Consultoria Peru S.A.	Calle Las Begonias 441, Piso 8, San Isidro, Lima, 27, Peru	100
Wood Group Peru S.A.C	Av. de la Floresta 407, 5th Floor, San Borja, Lima, Peru	100
<b>Philippines</b>		
Foster Wheeler (Philippines) Corporation	U-7A, 7/F PDCP Bank Centre, V.A. Rufino St. Corner L.P. Leviste St., Salcedo Village, Makati City, PH, 1227	100
Production Services Network Holdings Corp	585 ME National Road HW, Barangay Alangilan, Batangas City, Batangas, Philippines	100
PSN Production Services Network Philippines Corp	12th Floor, Net One Center, 26th Street Corner, 3rd Avenue, Crescent Park West, Taguig, Metro Manila, Bonifacio Global City, 1634, Philippines	100
<b>Poland</b>		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
<b>Portugal</b>		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100
<b>Puerto Rico</b>		
Wood Puerto Rico, P.S.C.	Metro Office Park #7, Street 1, Suite 204, Guaynabo, Guaynabo, PR, PR 00968, Puerto Rico	0**
<b>Qatar</b>		
Production Services Network Qatar LLC	PO Box 2515, Doha, Qatar	49*

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<b>Romania</b>			
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 Iudor Vlacimirescu No. 22, Bldg. Greengate Office, 5th Floor, Room 516, Campus 02, District 5, Bucharest, Romania		100
<b>Russia</b>			
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, Kommunistichesty Prospekt 32, Yuzhno-Sakhalinsk, Sakhalin, Russian Federation		40*
<b>Saudi Arabia</b>			
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, 34275, Saudi Arabia		100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar		51
<b>Singapore</b>			
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
<b>Slovakia</b>			
The Automated Technology Group (Slovakia) s.r.o.	c/o, Kinstellar s.r.o., Hvezdoslavovo nám 13, Bratislava, 811 02, Slovakia		100
<b>South Africa</b>			
Amec Foster Wheeler Properties (Pty) Limited	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa		100
AMEC Minproc (Proprietary) Limited	2 Eglon 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, Brynston, South Africa		83
Wood BEE Holdings (Proprietary) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa		58
Wood Mining South Africa (Pty) Ltd	Zeelie Office Park, 381 Ontoekkers Road, Florida Park Ext 3, Roodepoort, 1709, South Africa		100
Wood South Africa (PTY) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa		70
<b>South Korea</b>			
AMEC Korea Limited	KG Tower 5F, 92 Tongil-ro, Jung-gu, Seoul 04517, Korea		100
<b>Spain</b>			
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid - Las Rozas, 28232 Las Rozas, Madrid, Spain		100
Wood Iberia S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid - Las Rozas, 28230 Las Rozas, Madrid, Spain		100
<b>Switzerland</b>			
A-FW International Investments GmbH	c/o Intertrust Services (Schweiz) AG, Zählerweg 6, Zug, 6300, Switzerland		100
Wood Engineering AG	Lohweg 6, 4054 Basel, Switzerland		100
<b>Tanzania</b>			
MDM Projects-Tanzania Limited	Plot No. 483, Garden Road, Mikocheni Ward, Kinondani District, Dar es Salaam, 1412, Tanzania, the United Republic of		100
<b>Thailand</b>			
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 Thungsukla, Amphur Sriracha, Chonburi, 20230, Thailand		100
S/E Siam Limited	91/7 Soi Wattananivet 4, Suthisarnvinichai Road, Khwaeng Samsenok, Khet Huaykwang, Bangkok Metropolis, Thailand		100
Simons International Engineering Ltd	91/7 Soi Wattananivet 4, Suthisarnvinichai Road, Khwaeng Samsenok, Khet Huaykwang, Bangkok Metropolis, Thailand		100

<b>Trinidad and Tobago</b>		
Wood Group Trinidad & Tobago Limited	18 Scott Bushe Street, Port of Spain, Trinidad and Tobago	100
<b>Turkey</b>		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	Kucukbakkalkoy Mah, Çardak Sok, No.1A Plaza, 34750 Atasehir, Istanbul, Turkey	100
<b>Uganda</b>		
Wood Group PSN Uganda Limited	KAA House, Plot 41, Nakasero Road, PO Box 9566, Kampala, Uganda	100
<b>Ukraine</b>		
Wood Ukraine LLC	Room 398, Building 26, Obolonskyi Avenue, Kyiv City, 04205, Ukraine	100
<b>United Arab Emirates</b>		
Production Services Network Emirates LLC	Unit 1301-CI Tower, Level 13, Al Bateen Street, Khalidiya, Abu Dhabi, PO Box 105828	49*
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 92/5, Dubai, United Arab Emirates	100
<b>United Kingdom</b>		
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (F.C.G.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MH1992) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MHL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (WSL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC BkW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Bravo Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Building Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Capital Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Civil Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler (Holdings) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Earth and Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Asia Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Investments Europe Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Kazakhstan Holdings 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
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 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 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

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### Notes to the financial statements continued

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
Sandway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
The Automated Technology Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
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 (Indonesia) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	100
Wood and Company Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
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 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
Wood UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
<b>United States</b>		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AMFC 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, 08827-9000	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 Road, Novi, MI, 48377, United States	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 Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
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 F&C International, Inc.	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, United States	100
MACTEC Engineering & 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
Process Consultants, Inc	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
RHI Talent USA Inc	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Rider Hunt International (JSA) Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Swaggart Brothers, Inc	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood 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

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### Notes to the financial statements continued

Wood Group Alaska, LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Wood Group US International, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group JSA, 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 Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	100
<b>Uzbekistan</b>		
Wood Energy Solutions LLC	Sulton Darvoza Business Center, 38/1 Shakhrisabz Street, Tashkent, 100060, Uzbekistan	100
<b>Vanuatu</b>		
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
<b>Venezuela</b>		
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 %
<b>Australia</b>		
Clough AMEC Pty Ltd <sup>1</sup>	'Alluvion Building', Level 9, 58 Mounts Bay Road, Perth, WA, 6000, Australia	50
<b>Azerbaijan</b>		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue, Baku, Azerbaijan	35
<b>Canada</b>		
ABV Consultants Ltd <sup>1</sup>	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited <sup>1</sup>	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
<b>Chile</b>		
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, Nunoa, Santiago de Chile	50
Consorcio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingeniería 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 Ingeniería Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Nunoa, Santiago Chile	50
Construcción e Ingeniería Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condes, Santiago, Chile	50
Construcción e Ingeniería FIM Chile, Limitada	Avenida Santa Maria 2810, Comuna de Providencia, Santiago, Chile	33
<b>China</b>		
Wood Zone Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
<b>Cyprus</b>		
Wood Group - CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia, CY-1310 Nicosia, PO Box 25549, Cyprus	50
<b>Kazakhstan</b>		
WOOD KSS JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
<b>Mexico</b>		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingeniería Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50
Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
<b>Netherlands</b>		
Wood Group Azerbaijan BV.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 107XV, Netherlands	51
<b>New Zealand</b>		
Wood Becca Limited	Ground Floor, Becca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
<b>Oman</b>		
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
<b>Qatar</b>		
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
<b>Saudi Arabia</b>		
AMEC BKW Arabia Limited <sup>1</sup>	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 - Al Khobar 31952, Saudi Arabia	50
<b>Spain</b>		
Insolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
<b>Trinidad and Tobago</b>		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50
<b>United Arab Emirates</b>		
Foster Wheeler Kentz Energy Services DMCC	PO Box 26593, Unit 3601, Tiffany Tower, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates	50

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<b>United Kingdom</b>		
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
RWG (Repair & Overhauls) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
South Kensington Developments Limited	Portland House, Brickenhill Lane, Solihull, Birmingham, B37 7BQ, England, United Kingdom	50
Stornoway Wind Farm Limited	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland	50
<b>United States</b>		
Flour AMEC II, LLC	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, United States	45

<sup>1</sup> 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 2021 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated in the Group Financial Statements.

AFW Finance 2 Limited (Registered number 09861575)  
 AME Building Limited (Registered number 165287)  
 AMEC (F.C.G) Limited (Registered number 148585)  
 AMEC (MH1992) Limited (Registered number 222870)  
 AMEC (MHL) Limited (Registered number 713103)  
 AMEC (WSL) Limited (Registered number 514311)  
 AMEC BKW Limited (Registered number 169831)  
 AMEC Bravo Limited (Registered number 6206015)  
 AMEC Capital Projects Limited (Registered number 2804109)  
 AMEC Civil Engineering Limited (Registered number 1265199)  
 Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)  
 Amec Foster Wheeler Earth and Environmental (UK) Limited (Registered number 4987981)  
 Amec Foster Wheeler Energy Limited (Registered number 1361134)  
 Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)  
 Amec Foster Wheeler Finance Limited (Registered number 1332332)  
 Amec Foster Wheeler Group Limited (Registered number 4612748)  
 Amec Foster Wheeler International Limited (Registered number 3203966)  
 AMEC Investments Europe Limited (Registered number 3704533)  
 Amec 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)  
 Automated Technology Group Holdings Limited (Registered number 07871655)  
 East Mediterranean Energy Services Limited (Registered number SC505318)  
 Foster Wheeler (G.B.) Limited (Registered number 745470)  
 Foster Wheeler (London) Limited (Registered number 887857)  
 Foster Wheeler (Process Plants) Limited (Registered number 1184855)  
 Foster Wheeler E&C Limited (Registered number 2247293)  
 Foster Wheeler Environmental (UK) Limited (Registered number 1657494)  
 Foster Wheeler Europe (Registered number 04127813)  
 Foster Wheeler UK Investments Limited (Registered number SC649888)  
 Foster Wheeler World Services Limited (Registered number 1439353)  
 FW Investments Limited (Registered number 6933416)  
 HFA Limited (Registered number SC129298)  
 Integrated Maintenance Services Limited (Registered number 3665766)  
 James Scott Limited (Registered number SC35281)  
 John Wood Group Holdings Limited (Registered number SC642609)  
 JWG Investments Limited (Registered number SC484872)  
 JWGUSA Holdings Limited (Registered number SC178512)

## Financial statements

### Notes to the financial statements continued

Kelwat Investments Limited (Registered number SC203212)  
Metal and Pipeline Endurance Limited (Registered number 534109)  
Mustang Engineering Limited (Registered number SC273548)  
Press Construction Limited (Registered number 471400)  
Process Plants Suppliers Limited (Registered number 957881)  
Production Services Network (UK) Limited (Registered number SC293004)  
Production Services Network Bangladesh Limited (Registered number 02214332)  
PSJ Fabrications Ltd (Registered number 01205595)  
PSN (Angola) Limited (Registered 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 (Registered number 02305615)  
Sandiway Solutions (No 3) Limited (Registered number 5318249)  
SgurrEnergy Limited (Registered number SC245814)  
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 (Indonesia) Limited (Registered number SC693591)  
Wood and Company Limited (Registered number 01580678)  
Wood Environment & Infrastructure Solutions UK Limited (Registered number 02190074)  
Wood Group Algeria Limited (Registered number SC299843)  
Wood Group Algiers Limited (Registered number SC299845)  
Wood Group Annaba Limited (Registered number SC299848)  
Wood Group Arzew Limited (Registered number SC299850)  
Wood Group Engineering (North Sea) Limited (Registered number SC030715)  
Wood Group Engineering and Operations Support Limited (Registered number SC159149)  
Wood Group Hassi Messaoud Limited (Registered number SC299851)  
Wood Group Holdings (International) Limited (Registered 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 10317856)  
Wood Limited (Registered number 9861563)  
Wood Nuclear Holdings Limited (Registered number 03725076)  
Wood Pensions Trustee Limited (Registered number 1889899)  
Wood Transmission and Distribution Limited (Registered number 11829648)  
Wood UK Limited (Registered number 3863449)

# Company financial statements

**Company financial statements**

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## Financial statements

# Company balance sheet

As at 31 December 2021

	Note	2021 \$m	2020 \$m
<b>Non-current assets</b>			
Investments	1	4,370.4	4,348.3
Long term receivables	2	2,573.3	2,582.1
		<b>6,943.7</b>	<b>6,930.4</b>
<b>Current assets</b>			
Trade and other receivables	4	1,424.9	678.3
Income tax receivable		9.1	8.2
Cash and cash equivalents	5	1.0	79.7
		<b>1,435.0</b>	<b>766.2</b>
<b>Current liabilities</b>			
Borrowings	6	230.3	201.0
Trade and other payables	7	1,904.8	1,788.4
		<b>2,135.1</b>	<b>1,989.4</b>
<b>Net current liabilities</b>		<b>(700.1)</b>	<b>(1,223.2)</b>
<b>Non-current liabilities</b>			
Borrowings	6	1,514.1	1,096.5
Other non-current liabilities	8	1,128.7	1,018.3
		<b>2,642.8</b>	<b>2,114.8</b>
<b>Net assets</b>		<b>3,600.8</b>	<b>3,592.4</b>
<b>Equity</b>			
Share capital	10	41.3	41.1
Share premium	11	63.9	63.9
Retained earnings	12	416.6	408.4
Merger reserve	13	2,540.8	2,540.8
Other reserves	14	538.2	538.2
<b>Total equity</b>		<b>3,600.8</b>	<b>3,592.4</b>

As permitted by Section 408 (3) of the Companies Act 2006, no profit and loss account of the Company is presented. The loss for the financial year of the Company was \$16.0m (2020: \$13.8m).

The financial statements on pages 226 to 234 were approved by the board of directors on 19 April 2022, and signed on its behalf by:

Robin Watson, Director

David Kemp, Director



# Statement of changes in equity

For the year ended 31 December 2021

	Share capital \$m	Share premium \$m	Retained earnings \$m	Merger reserve \$m	Other reserves \$m	Total equity \$m
At 1 January 2020	40.9	63.9	401.0	2,540.8	538.2	3,584.8
Loss for the year	-	-	(13.8)	-	-	(13.8)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(13.8)</b>	<b>-</b>	<b>-</b>	<b>(13.8)</b>
<b>Transactions with owners:</b>						
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)
<b>At 31 December 2020</b>	<b>41.1</b>	<b>63.9</b>	<b>408.4</b>	<b>2,540.8</b>	<b>538.2</b>	<b>3,592.4</b>
Loss for the year	-	-	(16.0)	-	-	(16.0)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(16.0)</b>	<b>-</b>	<b>-</b>	<b>(16.0)</b>
<b>Transactions with owners:</b>						
Credit relating to share based charges	-	-	22.1	-	-	22.1
Shares allocated to employee share trusts	0.2	-	(0.2)	-	-	-
Purchase of company shares by employee share trust for the share incentive plan (SIP)	-	-	1.5	-	-	1.5
Foreign exchange movements on employee share trusts	-	-	0.8	-	-	0.8
<b>At 31 December 2021</b>	<b>41.3</b>	<b>63.9</b>	<b>416.6</b>	<b>2,540.8</b>	<b>538.2</b>	<b>3,600.8</b>

# Notes to the Company financial statements

For the year ended 31 December 2021

## 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 226. 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 2021, the Company had net current liabilities of \$700.1m. The Company has control over the timing of repayment of current liabilities due to Group undertakings amounting to \$1,884.5m. 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:

	2021	2020
Average rate £1-\$	1.3757	1.2844
Closing rate £1-\$	1.3545	1.3669

## 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.

## Financial statements

### Notes to the Company financial statements continued

#### 1 Investments

	2021 \$m	2020 \$m
<b>Cost</b>		
At 1 January	4,348.3	4,871.6
Additions	22.1	824.3
Disposals	-	(1,347.6)
<b>At 31 December</b>	<b>4,370.4</b>	<b>4,348.3</b>
<b>Impairment</b>		
At 1 January	-	1,347.6
Disposals	-	(1,347.6)
<b>At 31 December</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
<b>At 31 December</b>	<b>4,370.4</b>	<b>4,348.3</b>

During the year, the Company contributed \$22.1m of share based charges against John Wood Group Holdings Ltd.

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 2021 are listed below. Ownership interests reflect holdings of ordinary shares.

Details of other related undertakings are provided in note 37 to the Group financial statements.

Name of subsidiary	Country of incorporation or registration	Registered address
John Wood Group Holdings Limited	UK	15 Justice Mill Lane, Aberdeen

The Company owns 100% of all of the subsidiaries listed above.

#### 2 Long term receivables

	2021 \$m	2020 \$m
Loans to Group undertakings	2,573.3	2,582.1

The long-term loan receivable at 31 December 2021 includes the promissory note of \$2,565.2m (2020: \$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

	2021 \$m	2020 \$m
At 1 January	-	7.9
Charge to income statement	-	(7.9)
At 31 December	-	-

### 4 Trade and other receivables

	2021 \$m	2020 \$m
Loans to Group undertakings	1,367.3	603.0
Trade receivables – Group undertakings	52.2	68.4
Other receivables	3.9	6.3
Prepayments and accrued income	1.5	0.6
	<b>1,424.9</b>	<b>678.3</b>

Interest on loans to Group undertakings is charged at market rates. At 31 December 2021, \$45.7m (2020: \$45.7m) of the amounts owed by Group companies were impaired. These amounts relate to balances due from Group companies from whom there is no expectation of payment.

The ageing of these amounts is as follows:

	2021 \$m	2020 \$m
Over 3 months	45.7	45.7

The movement on the provision for impairment is as follows:

	2021 \$m	2020 \$m
At 1 January	45.7	45.3
Provided during the year	-	0.4
At 31 December	45.7	45.7

The Company had no outstanding balances that were past due but not impaired at either 31 December 2021 or 31 December 2020. The other classes within receivables do not contain impaired assets.

## Financial statements

### Notes to the Company financial statements continued

#### 5 Cash and cash equivalents

	2021 \$m	2020 \$m
Cash and cash equivalents	1.0	79.7

#### 6 Borrowings

	2021 \$m	2020 \$m
<b>Borrowings repayable on demand</b>		
Bank overdrafts	195.3	124.0
Senior loan notes	35.0	77.0
	230.3	201.0
<b>Non-current borrowings</b>		
Bank loans	745.8	293.0
Senior loan notes	768.3	803.5
	1,514.1	1,096.5

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2021 interest on US dollar overdrafts was payable at 1.45% (2020: 0.28%) and on sterling overdrafts at 1.40% (2020: 1.25%).

Bank loans are unsecured and bear interest based on LIBOR rates. At 31 December 2021, bank loans included \$600.0m of US dollar loans and \$164.9m of Euro loans. Interest was payable at 1.8% (2020: 1.1%) on the US dollar loans and 1.1% (2020: n/a) on the Euro loans. Bank loans are stated net of unamortised fees totalling \$19.1m (2020: \$7.0m).

In July 2021, the Company entered into a \$600.0m loan agreement with lenders supported by UK Export Finance ("UKEF"). The five-year facility is effective from July 2021 and extends the maturity profile of the Group's debt facilities.

The Company has \$803.3m (2020: \$880.5m) of unsecured senior notes in the US private placement market maturing between 2022 and 2031 at an average fixed rate of 4.21% (2020: 4.13%). These notes are largely US dollar denominated. \$318.0m (2020: \$573.5m) of the notes are repayable after more than 5 years.

#### 7 Trade and other payables

	2021 \$m	2020 \$m
Loans from Group undertakings	1,884.5	1,769.8
Other creditors	3.7	5.8
Accruals	16.6	12.8
	1,904.8	1,788.4

Interest on loans from Group undertakings is payable at market rates.

#### 8 Other non-current liabilities

	2021 \$m	2020 \$m
Amounts due to Group undertakings	1,128.7	1,018.3

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 2021, 42% (2020: 81%) 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 at least BBB-.

##### (iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

#### (b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company receivables. Management believe that no further risk provision is required in excess of the current provision for impairment.

The Company also has credit risk in relation to cash balances or cash held on deposit. The Company's policy is to deposit cash at institutions with a credit rating of at least BBB+.

#### (c) Liquidity risk

With regard to liquidity, the Company's policy is to ensure continuity of funding. At 31 December 2021, 87% (2020: 85%) 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

	2021 \$m	2020 \$m
Issued and fully paid		
691,839,369 (2020: 688,339,369) ordinary shares of 4½ p each	41.3	41.1

The additional information required in relation to share capital is given in note 23 to the Group financial statements.

## 11 Share premium

	2021 \$m	2020 \$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, 4½ pence (2020: 4½ pence) and consequently there was no credit to the share premium account.

## Financial statements

### 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 14,358,014 (2020: 15,006,961) of the Company's ordinary shares totaling \$111.9m (2020: \$112.8m).

The Company's loss for the financial year was \$16.0m (2020: \$13.8m)

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 \$63,700 (2020: \$52,000). 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

	2021 \$m	2020 \$m
At 1 January and 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 02/17B1 Guidance on realised and distributable profits under the Companies Act 2006.

In November 2019, the Company sold its investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited for \$2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

#### 14 Other reserves

	Capital reduction reserve \$m	Capital redemption reserve \$m	Hedging reserve \$m	Total \$m
At 1 January 2020, 31 December 2020 and 31 December 2021	88.1	439.7	10.4	538.2

No movements in other reserves have occurred during 2020 or 2021.

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.

\$100.0m of the Group's bank borrowings drawn down by an indirect subsidiary undertaking are guaranteed by the Company.

At 31 December 2021, the Company had contingent liabilities in respect of outstanding guarantees for performance bonds and contracting arrangements given on behalf of its subsidiaries amounting to \$733.1m (2020: \$810.0m).



## Five year summary (unaudited)

	2021 \$m	2020 \$m	2019 \$m	2018 \$m	2017 \$m
<b>Revenue</b>	<b>6,426.0</b>	<b>7,564.3</b>	<b>9,890.4</b>	<b>10,014.4</b>	<b>5,394.4</b>
<b>Adjusted EBITDA</b>	<b>553.9</b>	<b>630.4</b>	<b>855.4</b>	<b>693.8</b>	<b>423.1</b>
Depreciation (including joint ventures)	(148.9)	(180.0)	(182.0)	(63.9)	(51.5)
Amortisation (including joint ventures)	(191.7)	(227.7)	(243.7)	(248.8)	(141.3)
Non-recurring items (including joint ventures)	(165.7)	(247.3)	(107.6)	(191.3)	(184.5)
Net finance expense (including joint ventures)	(116.5)	(119.2)	(160.6)	(119.9)	(52.9)
<b>(Loss)/profit before taxation (including joint ventures)</b>	<b>(68.9)</b>	<b>(143.8)</b>	<b>161.5</b>	<b>69.9</b>	<b>(7.1)</b>
Taxation (including joint ventures)	(66.6)	(84.3)	(88.7)	(77.5)	(22.9)
<b>(Loss)/profit for the year</b>	<b>(135.5)</b>	<b>(228.1)</b>	<b>72.8</b>	<b>(7.6)</b>	<b>(30.0)</b>
<b>Equity attributable to owners of the parent</b>	<b>4,082.0</b>	<b>4,170.0</b>	<b>4,418.8</b>	<b>4,590.8</b>	<b>4,960.3</b>
<b>Net debt excluding leases</b>	<b>1,393.0</b>	<b>1,014.3</b>	<b>1,424.0</b>	<b>1,513.2</b>	<b>1,596.1</b>
<b>Net debt/adjusted EBITDA</b>	<b>3.3</b>	<b>2.1</b>	<b>2.0</b>	<b>2.2</b>	<b>2.4</b>
<b>Gearing ratio</b>	<b>34.1%</b>	<b>24.3%</b>	<b>32.1%</b>	<b>33.0%</b>	<b>32.2%</b>
<b>Interest cover</b>	<b>4.5</b>	<b>5.5</b>	<b>5.6</b>	<b>6.2</b>	<b>8.0</b>
<b>Diluted earnings per share (cents)</b>	<b>(20.6)</b>	<b>(34.1)</b>	<b>10.5</b>	<b>(1.3)</b>	<b>(7.4)</b>
<b>Adjusted diluted earnings per share (cents)</b>	<b>17.5</b>	<b>23.2</b>	<b>46.0</b>	<b>46.6</b>	<b>42.9</b>
<b>Dividend per share (cents)</b>	<b>-</b>	<b>-</b>	<b>35.3</b>	<b>35.0</b>	<b>34.3</b>
<b>Dividend cover</b>	<b>-</b>	<b>-</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>

# Information for shareholders

## Officers and advisers

### Secretary and Registered Office

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John Wood Group PLC  
15 Justice Mill Lane  
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AB11 6EQ

### Registrars

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Aspect House  
Spencer Road  
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West Sussex  
BN99 6DA

### Stockbrokers

JPMorgan Cazenove Limited  
Morgan Stanley

### Independent Auditors

KPMG LLP  
Chartered Accountants and Statutory Auditors  
1 Marischal Square  
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Aberdeen  
AB10 1DD

### Company Solicitors

Slaughter and May

## Financial calendar

Results announced

20 April 2022

Annual General Meeting

22 June 2022

The Group's Investor Relations website can be accessed at:

**woodplc.com**

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