John Wood Group PLC
Annual Report and Accounts 2022

Design the future.

wood.

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

View our report online: **woodplc.com/ar22**

Our performance

Revenue (pre-exceptional items)[1]
$5,442m (2021: $5,238m) ▼ **3.9%**

Adjusted EBITDA[2]
$385m (2021: $404m) ▼ **(4.7)%**

Operating profit/(loss)
$(568)m (2021: $(62)m) **NA**

Order book[3]
$6,016m (2021: 6,047) ▼ **(0.5)%**

Net debt excluding leases[4]
$393m (2021: $1,393m) ▲ **(71.8)%**

Free cash flow[5]
$(730)m (2021: $(398)m) ▼ **(83.4)%**

All figures above are based on continuing operations

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

1. Revenue includes an exceptional item in FY22 of $(8.0) million (FY21 $(25.4) million) related to contract losses in respect of the closure of the Power and Industrials EPC business. In FY21 the exceptional item 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. Given the immaterial size of the exceptional item, we refer to revenue throughout the Report as the $5,442 million pre-exceptional figure.
2. A reconciliation of adjusted EBITDA to operating loss is shown in note 1 to the financial statements. A reconciliation of adjusted EBIT to operating loss is shown in the financial review.
3. Order book comprises revenue that is supported by a signed contract or written purchase order for work secured under a single contract award or frame 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.
4. Net debt excluding leases is total group borrowings, offset by cash and cash equivalents. Borrowings comprise loans drawn on the Group's revolving credit facility (RCF), the UKEF, 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 show in note 30 to the financial statements. We refer to net debt excluding leases throughout this report as net debt.
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 IFRS 16 (Leases) accounting. A reconciliation of free cash flow to our statutory cash flow statement is shown on page 32.

Highlights

Transformed the Group.

- **Sale of Built Environment Consulting has restored our financial strength** – balance sheet reset
- **This is a new Wood** – new leadership, refreshing our culture, more disciplined and selective
- **We have addressed our legacy issues** – strong balance sheet and defined schedule of cash outflows

Well-positioned for growth.

- **Our markets provide attractive opportunities for growth** – and we can win share
- **A global leader in our markets** – outstanding talent, long term relationships with clients who view us as partners
- **Enabler of net zero** – around 20% of our revenue today is from sustainable solutions

Delivering financial returns.

- **Adjusted EBITDA** margins to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we see opportunity for margin improvement
- **Adjusted EBITDA** to grow at mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers
- The strong underlying cash flows of our business combined with the reducing legacy liabilities, will result in a return to **positive free cash flow** (after exceptionals) from FY24 onwards

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

At a glance

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

35k+
People

60+
Countries

100+
Years of history

Our vision

Deliver solutions that transform the world.

Our mission

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

Our values

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

Care
Working safely, with integrity, respecting and valuing each other and our communities

Commitment
Consistently delivering to all our stakeholders

Courage
Pushing the boundaries to create smarter, more sustainable solutions

To find out more visit:
woodplc.com/values

Our behaviours

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

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

Two end markets:

Energy

Oil & Gas | Hydrogen
Carbon Capture

Energy security:
Delivering safe, reliable and affordable energy

Energy transition:
Enabling a low carbon energy future

Materials

Minerals | Chemicals
Life Sciences

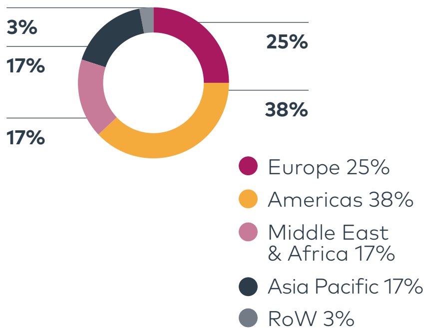
Raw materials demand:
Sustainably deliver key energy transition minerals and chemicals

Life sciences growth:
Advanced, scalable manufacturing post-pandemic

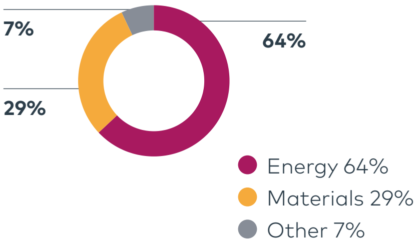
Group revenue

$5,442m

Geographic split



End markets



See more in Our markets section on page 10

We operate across three business units:

Consulting

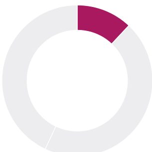
A focused, premium consultancy adding value throughout our client's investment lifecycle.

- Technical consulting
- Digital advisory and implementation

People
3,941

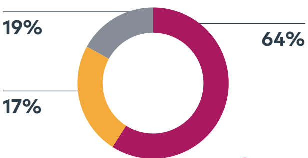
Revenue
$625m

% of revenue
11%



Adjusted EBITDA
$73m

End markets



- Energy 64%
- Materials 17%
- Other 19%

Projects

Delivering solutions for complex, high-value capital investments.

- Advise: concept, Pre-FEED
- Design: FEED, long-lead procurement
- Deliver: PMC, EPCm, Detailed design, Start-up
- Operate: upgrades and expansions

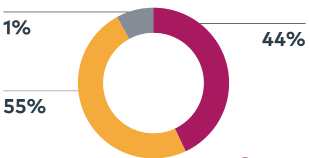
People
13,918

Revenue
$2,211m

% of revenue
41%

Adjusted EBITDA
$169m

End markets



- Energy 44%
- Materials 55%
- Other 1%

Operations

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

- Modifications
- Operations
- Maintenance
- Asset management

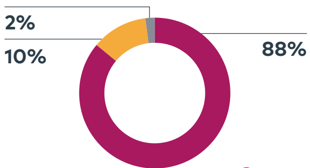
People
15,787

Revenue
$2,407m

% of revenue
44%

Adjusted EBITDA
$148m

End markets



- Energy 88%
- Materials 10%
- Other 2%

See more in Our business model section on page 14

Chair's statement

A transformative year for the Group

Roy A Franklin
Chair

"In 2022, following an extensive consultation with our key stakeholders, we refreshed our strategy with a focus to deliver profitable growth. I am confident that under Ken's leadership and with a new, high performing leadership team, we will deliver results for our investors, clients and employees as we enter 2023."

A new chapter for Wood

2022 was a transformative year for Wood. The sale of the Built Environment Consulting business reset our balance sheet and we addressed many of our legacy issues.

We ended the year with our new executive management team setting out our strategy at a capital markets day, highlighting how Wood is a global leader in its markets and is now set up for success – for focused growth across energy and materials, and for a return to delivering financial returns for our shareholders.

Restored financial flexibility and addressed legacy issues

The sale of Built Environment Consulting completed in September 2022 for an enterprise value of $1.8 billion. This sale transformed the Group's balance sheet, with our net debt (excluding leases) moving from $1.8 billion at June 2022 to $0.4 billion at December 2022.

We addressed many of our legacy issues in the year, including settling the Enterprise litigation claim. The final payment for our SFO settlement is due in early 2024, the Aegis Poland contract is physically complete and moving to its commercial settlement phase, and we have limited lump sum turnkey work remaining across our business. So, while these legacy issues remain for a short time still, we are nearing the end of their impact on the Group. Crucially, we now have the balance sheet to address the defined schedule of cash outflows relating to these liabilities.

A new leadership team

In April 2022, Robin Watson advised the Board of his intention to retire as Chief Executive. Following an extensive search process that included internal and external candidates, Ken Gilmartin was appointed CEO on 1 July 2022. Ken joined Wood in August 2021 as our COO and brought with him a wealth of knowledge and experience from a varied career, most recently as a member of Jacob's senior executive team.

We have a new leadership team in place, with Jennifer Richmond joining as Executive President, Strategy and Development from Jacobs and the leaders of all three business units changing in the year.

Setting a new strategy

Led by Ken and his team, the Company developed a new strategy during the year, leading to a capital markets day in November 2022.

We are acutely aware that we have not delivered value for our shareholders over the last few years. As part of the development of our strategy, we commissioned an external perception study involving our investors as well as potential shareholders and equity analysts. This was conducted in July 2022 and interviewed 13 top shareholders, representing c.37% of our share capital. The Board appreciated the constructive comments from participants and the feedback was used in considering strategy, capital allocation and communication.

Our market-led strategy, with a real focus on selectivity, will deliver returns for our shareholders including adjusted EBITDA growth of mid to high single digit CAGR over the medium term. Most importantly, the operating cash flows of our business, combined with the reducing legacy liabilities, will result in a return to positive free cash flow from 2024 onwards.

Performance in 2022

We returned to revenue growth, with growth in Consulting and Operations over the year and growth in Projects in the second half. Our adjusted EBITDA profitability was lower than 2021. This reflected progress in Projects offset by anticipated lower margins in Consulting and Operations, including our exit from Russia and the normalisation of profitability in Operations following a few years of high contract close out benefits.

Our cash performance primarily reflects the financial impact of addressing legacy issues and our decision to normalise working capital. The return to positive free cash flow in 2024 remains our absolute focus.

Capital allocation

Our capital allocation policy is centred on maintaining a prudent leverage over the medium term of around 0.5 to 1.5 times net debt (excluding leases) to adjusted EBITDA (pre-leases) leverage range. This allows us to invest in our business while funding the rundown of our legacy liabilities. Beyond this, and as the Group starts to generate free cash flow from 2024, we will consider how to deliver value for our shareholders from dividends, share buybacks or attractive acquisitions.

Looking ahead

Wood is a much stronger company than a year ago. We have moved on from our past and have a clear path ahead of us to return to sustainable free cash flow. The work that Wood does and the people that we have are critical to the needs of our clients and society, and I am excited for the role Wood has to play.

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

Roy A Franklin
Chair

Providing minerals for net zero

Access to minerals like lithium and copper will have a critical role to play in delivering a net zero future – they're central to the growth we need in electric vehicles, low-carbon fleets, battery storage and solar panels.

Wood has an outstanding track record in delivering some of the world's largest minerals processing projects. The calibre of our team was evident in some of the work we secured last year and some of the projects we delivered across the globe.

As an example, we were appointed by Enter Engineering to deliver the FEED and detailed design on the world's largest copper concentrator plant in Uzbekistan. Our scope also includes technical assistance during the procurement, construction, commissioning, and start-up stages.

Similarly, in Australia we completed work on one of the largest lithium processing projects in the world. Initially appointed in 2019 to provide engineering, procurement and construction management (EPCm) services, the team performed excellently including a first-class safety performance with over 11 million hours worked without a lost time injury.

Chief Executive review

Results in line with expectations

2022 was a year where we transformed Wood. We reset the business, strengthened our balance sheet, addressed legacy issues and appointed new leadership. We concluded the year by setting out our strategy at a capital markets day, highlighting how we will deliver value consistently through focused growth across our energy and materials end markets, and drive a return to delivering free cash flow.

Financial performance: delivered results in line with expectations

Return to revenue growth

Our performance in 2022 was in line with the expectations we set mid-way through the year. Revenue of $5.4 billion was 8% higher at constant currency[1]. This reflects good growth in Consulting and Operations and an improving trend in Projects, with a return to growth in the second half.

Profitability in line with expectations

Our adjusted EBITDA in 2022 was $385 million, flat at constant foreign exchange rates and at the upper end of the guidance range we gave in our January trading update. Our adjusted EBITDA margin[2] was 7.1%, lower than the 7.7% in 2021, partly reflecting a normalisation of margins in Operations, which benefited from contract close out benefits in previous years, along with a lower margin in Consulting. The margin in our Projects business was higher in the year as we shifted the business to a service-led model and saw improved overall project performance

Our adjusted EBIT was $174 million and our adjusted diluted EPS was down 67% to 5.7c. This reflects the lower profitability, high interest costs in the year and the disposal of Built Environment Consulting.

Our statutory loss for the year was $352 million and includes the impairment of goodwill and intangibles. Basic EPS was a loss of 52.4c per share, reflecting this statutory loss.

Cash performance reflects our reset

Free cash outflow for the year was $730 million and reflects a significant working capital outflow, partly reflecting our decision to exit lump sum turnkey (“LSTK”) and larger EPC activity, as well as our decision to normalise payables at period ends. In addition to these working capital impacts, we also had large exceptional cash outflows arising from legacy issues, including the settlement of the Enterprise litigation claim for $115 million in the year.

Balance sheet now in a strong position

Our net debt excluding leases at December 2022 was $393 million, with a net debt (excluding leases)/adjusted EBITDA of 1.3 times. This reflects a significant improvement on last year (3.3 times) given the impact of the sale of Built Environment Consulting. Through the sale, we reset our balance sheet and this allowed us to address legacy issues and provide a firmer footing for future growth.

"Our strategy is already delivering. We started 2023 with good momentum – with order book for delivery in 2023 up 10%, headcount up 8% and financial guidance for 2023 in line with our medium-term financial targets – we now look to the future with confidence as a much stronger company."

Ken Gilmartin
Chief Executive

Our approach to capital allocation

Our capital allocation policy starts with having a strong balance sheet. We will look to manage our target leverage over the medium term within a range of around 0.5 to 1.5 times net debt (excluding leases) to adjusted EBITDA (pre-IFRS 16). This allows us to invest in our business, people and systems and fund the rundown of our legacy liabilities.

Beyond this, we will consider how best to create value for our shareholders from dividends, share buybacks or attractive acquisitions.

A new chapter for Wood: we transformed the Group in 2022

Wood is built on strong foundations, from our outstanding technical expertise and people, to our long-term client relationships. However, we have not delivered for our shareholders in recent years. While part of that underperformance reflects the challenging market backdrop of lower customer investment and the Covid pandemic, it was also driven by company-specific issues including insufficient discipline in project selection, high levels of restructuring and a series of legacy issues arising from the acquisition of Amec Foster Wheeler in 2017.

We tackled these issues head-on in 2022 and launched a new chapter for the Group with the transformative sale of Built Environment Consulting, reset of our balance sheet and launch of our profitable growth strategy. As we look ahead, we have instilled a structure and discipline into the business which will mitigate against future issues and allow us to grow from these strong foundations.

Sale of Built Environment Consulting transformed the Group

We completed the sale of Built Environment Consulting in September 2022 for an enterprise value of $1.81 billion, representing an attractive EV multiple of 16 times (including expected standalone costs). The net proceeds of around $1.7 billion, after the remaining tax due is paid in 2023, transformed the Group's balance sheet, funded the settlement of the Enterprise litigation and restored our financial flexibility.

We have addressed legacy issues

- We are no longer pursuing LSTK activity or major lump sum EPC activity, with remaining contracts due to complete in 2023
- Our Aegis Poland contract is physically complete with commercial settlement remaining
- The final payment for our SFO settlement is due in early 2024
- Our onerous leases come to an end in 2024
- We settled the Enterprise litigation

Our strengthened balance sheet will allow us to address the defined schedule of cash outflows relating to these legacy liabilities, as well as our asbestos liability, and allow the Group to return to positive free cash flow in 2024.

A new leadership team in place

We have a new leadership team, with seven of nine members of our Executive Leadership Team appointed to their roles in 2022 and 2023. Our wider senior leadership team has also undergone change, and we have added key hires throughout 2022 to strengthen our commercial offering, including recruiting leading subject-matter experts.

Our refreshed strategy: profitable growth

We launched our new strategy in November 2022 following extensive consultation with our employees, clients and investors.

Our strategic pillars

Our strategy is delivered across three pillars:

- **Profitable growth** – we will focus on priority markets and geographies where we can lead, with an absolute focus on driving operating cash flow, and building a high quality, low risk pipeline with a focus on cost reimbursable work.
- **Inspired culture** – we will drive improved employee engagement and reduced levels of voluntary turnover, while maintaining our focus on safety, and we aim to maintain a top quartile ESG rating amongst peers. We commit to driving greater diversity in our business, including a target of women comprising 40% of leadership roles before 2030.
- **Performance excellence** – with a focus on strong leadership, commercial governance and efficient ways of working. We will increase the use of our Global Excellence Centres to differentiate our offer to clients and drive improved margin. We will ensure our core digital solutions become embedded in client delivery, and we expect the proportion of revenue coming from sustainable solutions to grow each year.

Our attractive markets

The energy and materials markets offer significant growth opportunities for Wood. We are now taking a more focused approach to growth, targeting specific priority markets within energy and materials that best match our competitive strengths. This narrower focus will help ensure we can grow both profitably and sustainably.

We are focused on:

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

Chief Executive review continued


Executive Leadership Team pictured at 2022 Leadership Conference

Our medium-term financial targets[3]

Our strategy will deliver returns for our shareholders and at our Capital Markets Day we set out new financial targets:

- Adjusted EBITDA margins to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we see opportunity for margin improvement
- Adjusted EBITDA to grow at mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers
- The strong underlying cash flows of our business combined with the reducing legacy liabilities, will result in a return to positive free cash flow (after exceptionals) from FY24 onwards

We expect to expand our margin in the medium term, supported by:

- Improved pricing expectations across our markets, reflecting the selectivity of work undertaken and the significant demand for our services
- The continued shift to our services-led model
- Addressing the small number of underperforming businesses in our portfolio

We continue to target costs savings in two key areas to support our targets:

- As outlined at our Capital Markets Day, continued rationalisation of our property portfolio as our leases expire and reflecting post-Covid working patterns. We anticipate annualised savings of $15 million to $20 million by the end of 2025, with benefits accruing from 2024. EBIT will benefit by $10 million to $15 million per year
- IT cost savings of $10 million to $15 million from licence rationalisation and other efficiency measures, with material benefit accruing from 2024 onwards

Our management team are committed to delivery of these targets. The Board has agreed LTIP targets for 2023-2025 consistent with our medium-term targets. These targets are weighted:

- 60% to EBITDA targets, with a threshold of 450 million and a maximum level at $525 million in 2025
- 30% to total shareholder return relative to our peer group
- 10% to ESG metrics relating to carbon emission reductions and leadership gender diversity

In addition, as at 31 December 2022, and as set out in note 33 of our accounts, our main UK defined benefit scheme (WPP) was 119% funded and had a significant surplus of $432 million on an IAS 19 basis, and is currently expected to be around 105% funded with a surplus of around £100 million ($130 million) on the more prudent Technical Provisions basis at 31 March 2023, consistent with the assumptions used at the last triennial actuarial valuation.

The Group is currently working closely with the Trustee to agree a preferred direction regarding the future of the plan. Options being assessed include moving to a buy-in insured basis and eventual buy-out with a third party as soon as is reasonably practical, or to continue to run the WPP on for a limited number of years which could potentially generate further surplus. Any potential further surplus that might arise from running the scheme on could benefit both the Group and pension members, ensuring that appropriate safeguards for both the funding position and members' interests are taken into account at all times.

Delivering on our profitable growth strategy

Right business model now in place with focus on cost reimbursable work

We have de-risked our contract pipeline by minimising the LSTK activity and major lump sum EPC activity, and today we are predominately a cost reimbursable services business. Across the Group, the proportion of our revenue that came from cost reimbursable work is around 80% (and around 85% of our order book). Only around 4% of revenue in FY22 came from LSTK contracts, with the remainder being fixed price services work.

Well-positioned for growth

In addition to our order book of around $6 billion, we have a pipeline of opportunities many times larger in magnitude. In line with our focused and selective strategy, this pipeline is now aligned with our focus markets.

At December 2022, over 90% of our pipeline related to our six focus markets (Oil & Gas, Chemicals, Hydrogen, Carbon Capture, Minerals and Life Sciences), compared to 73% a year ago. The difference mainly relates to the removal of EPC opportunities across renewables, in line with our new risk appetite and strategy to focus on the complex work where we add the most value for our clients.

Encouragingly, we have a higher pipeline in nearly all our markets compared to a year ago, including a more than doubling of opportunities across hydrogen and carbon capture.

Progress on our people strategy

Our headcount at December 2022 was 35,573 people, up 8% on last year with significant increases in Consulting and Projects. This is an increasingly important metric with our shift to a services-led business model.

We are pleased that in the latter parts of 2022 we saw significant improvements in both employee engagement and employee net promoter score. We have also grown our Global Execution Centres significantly, with more than 3,000 skilled employees now in India and Colombia.

Progress on sustainability

Wood is an enabler of net zero, providing solutions across decarbonisation, energy transition, and materials for a net zero world. In addition, our life sciences solutions are aligned to the UN Sustainable Development goal of ensuring good health and well-being.

Around 20% of our revenue today is from sustainable solutions[4], with around 30% of revenue in Projects, around 25% of revenue in Consulting, and around 10% in Operations from such solutions. This strict measure does not include much of the decarbonisation activity we perform today for our clients, particularly in our Operations business with work such as reducing methane emissions and flaring.

We have seen strong growth in our pipeline for sustainable solutions in the year, including across hydrogen and carbon capture work.

Our progress on ESG matters is reflected in our MSCI AA rating, awarded for the 8th consecutive year, and the maintenance of our top quartile ranking against peers.

In 2022, we made further progress on many of our other key ESG goals including:

- Reducing scope 1 & 2 carbon emissions by 65% compared to our target of a 40% reduction from our 2019 baseline
- Embedding fair working practices through incorporating ‘Building Responsibly’ principles into our supply chain pre-qualification stages and supplier code of conduct

Optimising our portfolio

We are currently evaluating our portfolio and have identified underperforming businesses that do not fit with our focused strategy, generate negative margin and represent around 4% of revenue. We are considering options in respect of these businesses.

In addition to this, the sale of our offshore labour supply operations in Gulf of Mexico completed in March 2023 for cash consideration of $17 million. This reflects a proactive step in focusing the Group’s portfolio on our focus markets and solutions.

Winning work across markets

Our order book at 31 December 2022 was $6 billion, broadly flat on the position a year ago but up by 4% at constant currency rates. The order book for delivery in the year ahead was up 10% on a year ago and positions us well for 2023, albeit with a more volatile macroeconomic backdrop to win the remaining work for 2023.

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

- 10-year engineering & project support agreement with Chevron that forms a global strategic partnership across offshore and onshore assets
- Major contract extension with Equinor for operation on the Norwegian Continental Shelf to 2026
- 5-year multi-region engineering services contract renewal with bp
- 3-year operations and maintenance contract renewal with Shell in the UK North Sea
- Appointed delivery partner for Centrica Storage in the UK for key gas storage assets
- Contract for the FEED design to deliver a large-scale green hydrogen production facility in Norway

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

- 2-year EPCm contract with Solvay to deliver a new polyvinylidene fluoride (PVDF) site in France
- 4-year EPCm contract with INEOS worth over $100 million for an ethane cracker
- Contracts with Enter Engineering in Uzbekistan worth over $200 million – engineering and procurement services for a gas to chemical complex, and FEED and detailed design for a mineral processing

Outlook[3]

While mindful of the uncertain economic outlook, our expectations for 2023 remain unchanged.

We expect our performance in FY23 to be line with our medium-term targets:

- Adjusted EBITDA margins to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we continue to see opportunity for margin improvement
- Adjusted EBITDA to grow at mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers
- As is typical for our business, performance will be weighted to the second half of the year

We expect a material improvement in cash flow in FY23 with a significant improvement in operating cash flow, reflecting a much-improved working capital performance. As previously guided, we expect significantly lower exceptional cash flows in FY23 of around $135 million. This, plus the remaining tax payable on the sale of Built Environment Consulting of around $60 million, partially offset by disposal proceeds of around $25 million, will lead to higher net debt in FY23.

The exceptional cash outflows in FY23 are weighted to the first half of the year, and the tax payable on the sale of Built Environment will be paid in the first half of the year.

The improved operating cash flow performance of the Group, along with a continued reduction in exceptional cash outflows, will enable a return to positive free cash flow (after exceptionals) in FY24.

Footnotes

1. Refer to note 7 in the financial review
2. Refer to note 8 in the financial review
3. Certain of the statements in this section and repeated elsewhere in this Annual Report are classed as profit forecasts for the purposes of the City Code on Takeovers and Mergers (as set out in the announcement made by Wood on 28 March 2023).
4. Refer to note 9 in the financial review

Our markets

We are leaders in energy – ensuring energy security today and delivering the transition to a net zero future.

Oil & Gas[1]

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

Trends:
Energy security | Transition to net zero | High commodity prices

Hydrogen

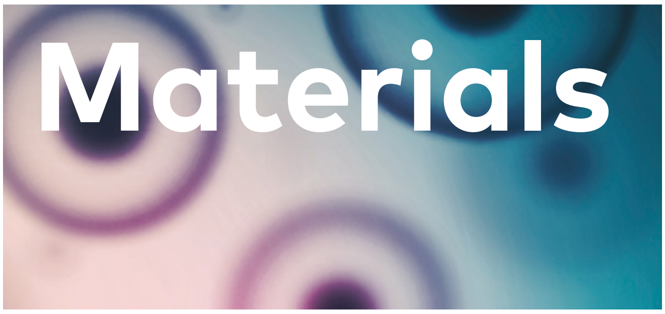
Our focus is on low carbon hydrogen as we believe it will be an important part of the hydrogen mix by 2050. We expect increased spend for new-build and retrofit facilities further incentivised by the US Inflation Reduction Act.

Trends:
Supportive policies | Transition to net zero | Technology advancement

Carbon Capture

Our core focus is on oil and natural gas facilities and carbon dioxide distribution and storage. We also see longer-term emerging opportunities to apply our expertise to iron, steel, cement and waste facilities.

Trends:
Supportive policies | Transition to net zero | Improving economics



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

Minerals

Our focus is primarily on minerals for net zero and the clean energy transition for example, copper, nickel and lithium. The growth in clean mineral processing is expected to increase six-fold by 2040 to meet net-zero targets.

Trends:
Supportive policies | Transition to net zero | Technology advancement

Chemicals[1]

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

Trends:
Rising consumer demand | Circular initiatives | Transition to net zero

Life Sciences

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

Trends:
Rising consumer demand | Re-shoring commitments | Ageing population

Our focus:

c.$230bn

2025 total addressable market in core geographies[1]

Large markets with solid growth.

Oil & Gas – Delivering energy security
Chemicals – Rising global demand

Small markets with substantial growth.

Hydrogen – Enabling energy transition
Carbon Capture – Enabling energy transition

Large markets where we will significantly grow our share.

Minerals – Delivering energy security
Life Sciences – Rising global demand

Details on market growth:

	Energy			Materials		
	Oil & Gas	Hydrogen	Carbon Capture	Metals & Minerals	Chemicals	Life Sciences
Market drivers	Energy security Net zero agenda High commodity prices	Energy transition Supportive policy Technology advancement	Net zero agenda Improving economics Supportive policy	Transition to net zero Supportive policy Technology advancement	Consumer demand Circular initiatives Net zero agenda	Consumer demand On-shoring commitments Ageing populations
Addressable market (2025)[2]	$124bn	$4bn	$4bn	$21bn	$50bn	$26bn
Market CAGR: 2022-2025[3]	6%	67%	29%	7%	1%	6%
Market CAGR: 2022-2030[3]	2%	31%	15%	7%	2%	6%

Our key market drivers explained:

Energy transition
The global shift of the energy sector from fossil based production and consumption to renewable and low carbon energy sources.

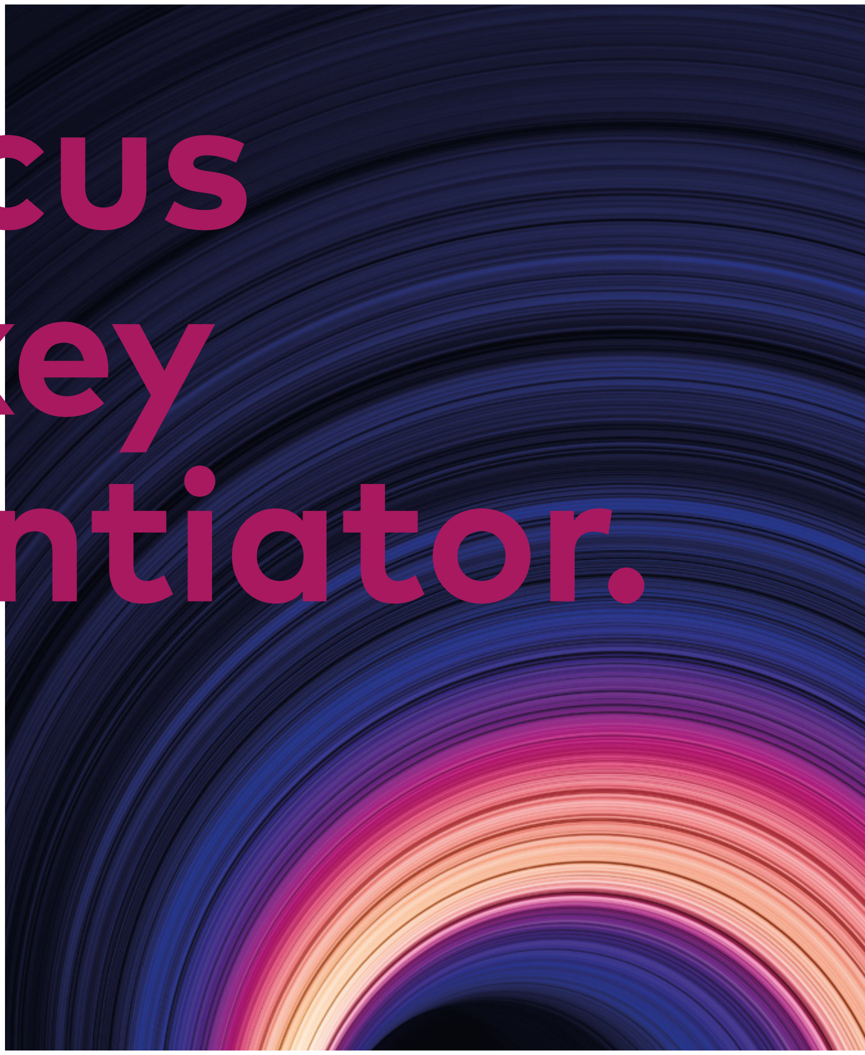
Net-zero agenda
The investment from our clients to meet their net zero goals.

Energy security
Our clients focus on delivering safe, reliable and affordable energy.

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

Our strategy

Our focus is our key differentiator.



We focus on complex work in markets and geographies where we are most differentiated. The markets we choose to operate in are forecasted to spend c.$1tn of capital over the next few years; we anticipate our addressable markets to spend around **$230bn** in 2025, see page 10.

Our selective and focused approach:

Market attractiveness

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

Our ability to win

Where we play:
We target markets and projects where we can leverage our ability to win and hold a leading position based on current core capabilities as well as leveraging our ability to scale talent, our competitive offering and geographic footprint.

Contracting dynamics

Where we play:
We target projects where we can make sure that the contracting dynamics within our chosen markets and type of projects we work on meet our preferred low risk profile and contracting model. We will no longer pursue lump sum turnkey projects and have exited large-scale EPC projects.

Delivered across three pillars:

Profitable growth.

A higher grade business
Growth in priority markets and geographies focusing on EBITDA and solutions and portfolios aligned to growth markets, a focus on sustainable cash flow. And a balanced approach to risk where we ensure an appropriate level of contract and project risk.

2022 progress
- Results in line with expectations
- Revenue up 8%[1]
- Headcount up 8%
- Cost reimbursable contract portfolio
- Legacy liabilities addressed
- Sale of Gulf of Mexico offshore labour supply business

Inspired culture.

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

2022 progress
- Significant improvements in employee engagement score (+8 points)
- 32% female leadership
- AA MSCI rating for eighth consecutive year

Performance excellence.

Results focused and delivering for clients
How we do business and deliver for our clients and includes the ethical standards we maintain, the innovation we bring, the quality of our work and the sustainability and reliability of our solutions. This is about simplifying and improving how we operate. It's the things we need to do to have a relentless focus on exceeding client expectations and always challenging the status quo.

2022 progress
- Strengthened leadership team
- High quality pipeline reflects focus and selectivity
- Market-leading client NPS – first among nine closest peers
- Growth in Global Execution Centres (over 3,000 employees)
- Around 20% of revenue from sustainable solutions based on strict definition

Our medium-term targets:

Adjusted EBITDA margins to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we see opportunity for margin improvement

The strong underlying cash flows of our business combined with the reducing legacy liabilities, will result in a return to positive free cash flow (after exceptionals) from FY24 onwards

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

1. At constant currency, see note 7 of the financial review

Our business model

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

Our relationships and resources

Outstanding talent

Talented, flexible and motivated workforce.

Read more on page 60

Financial

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

Read more in our CFO's review on page 26

Our relationships

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

Robust governance

Robust risk governance and operations assurance policies and processes.

Read more in our risks section on page 104

Intellectual property

We have proprietary software solutions.

Our purpose

We complete complex work in critical industries.

We contribute to unlocking solutions to the world's most critical challenges.

What we do

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

Our integrated offering

This can range from the very outset of a project when clients are looking to test the feasibility of their plans, all the way through to the detailed design, the detailed engineering, the project delivery and then into the long-term operation and optimisation of assets to maximise the value they deliver.

1. Advise:
- Feasibility studies
- Concept design
- Pre-FEED
- Strategy planning

2. Design:
- FEED
- Detailed design
- Owner's engineer

3. Deliver:
- PMC
- EPCm
- Commissioning

4. Operate:
- Maintenance
- Modifications
- Brownfield engineering
- Asset management
- Asset optimisation

5. Repurpose:
- Life extension
- Asset repositioning
- Decommissioning

Our contracting structure

How we contract with clients is critical to their success and ours. In 2022 c.80% of revenue from cost reimbursable contracts whereby the costs to deliver the work are charged directly to the clients.

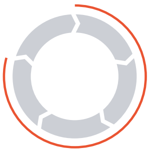
The value we generate

Consulting

- Technical and digital advisory business
- Trusted adviser to clients' toughest challenges
- Deep domain expertise coupled with operational technology capabilities

Read more on page 22

Projects



- Delivering solutions for high value capital investment
- Balanced portfolio across energy and materials built on strong long term client partnerships well positioned for profitable growth in energy, chemicals, minerals and life sciences

Read more on page 23

Operations

- Leader in energy operations, delivering highly skilled, integrated technical solutions across critical infrastructure
- Long term client partnerships
- Deep expertise in energy security, decarbonisation and sustainable energy transition

Read more on page 24

The remainder of the work we did was fixed price services where we charge a fixed fee to deliver the work. Included in this, around 4% of work was lump sum turnkey (LSTK) whereby Wood takes on delivery risk. We will not pursue LTSK projects and have exited largescale EPC projects, as discussed in the CEO statement on page 06.

Our competitive advantage

World class subject matter expertise

With our global execution centres, we utilise a shared resource base with leading subject matter experts across our markets.

Ability to leverage

Our global footprint and expertise across the asset lifecycle allows us to offer highly-skilled, technically-integrated solutions for critical industries.

Highly valued by our clients

We rank higher than the market average in NPS[1] and first amongst our closest peers.

Global scale and footprint

We have a geographically optimum footprint within key regions and our operating model allows us to scale up or down in response to market opportunities.

Differentiating with decarbonisation and digital

Our two cross cutting drivers of decarbonisation and digital are critical to our clients' ambitions.

Footnotes:

1. Net Promoter Score (NPS) is a customer loyalty and satisfaction measurement taken from asking customers how likely they are to recommend your product or service to others on a scale of 0-10

Our business model continued

The value we generate

For investors and lenders

- Growth and cash generation
- Targeting total shareholder returns

For our people

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

Read more on page 60

For our clients

- Best-in-class delivery, consistently
- Leading technical services and smarter, more sustainable solutions
- Track record on industry-leading projects
- NPS 20% higher than market average and key competitors

For communities

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

Read more on page 66

For suppliers

- A responsible partner

For the environment

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

Read about how we engage with our stakeholders on pages 38

Sustainable solutions

The majority of the work we do across our businesses reduces the carbon intensity of our clients' assets.

20%

2022 revenue from sustainable solutions

Read more in sustainability on page 48

Delivering safe, reliable and affordable energy

Over the last 12 months, the war in Ukraine has brought the issue of energy security into much sharper focus.

While climate concerns mean there remains a need to accelerate the pace of the energy transition, retaining secure access to reliable and affordable energy is critical to improving quality of life in communities across the globe.

At Wood, we work with many of the world's largest energy companies and have an outstanding track record of delivering large, complex greenfield oil and gas developments and maximising production from existing fields.

A great example of our work in this area was a new contract that we secured in 2022 with Chevron.

We entered into a 10-year global master services agreement (MSA) for engineering and project related services across all of Chevron's business units covering both offshore and onshore assets within the upstream, midstream and downstream markets.

With this contract, we formed a global strategic relationship with Chevron which will enable us to drive predictable outcomes for project delivery worldwide.

As part of this focus, we are also working closely with Chevron's digital enablement specialists to embed smarter ways of working across the globe and helping to lower their carbon footprint across their portfolio.

10 year

global master services agreement (MSA)

30+ year

relationship with Chevron

Key performance indicators

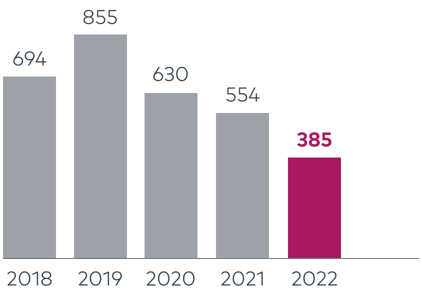
Measuring our performance

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

Financial:

Adjusted EBITDA[1]

$m



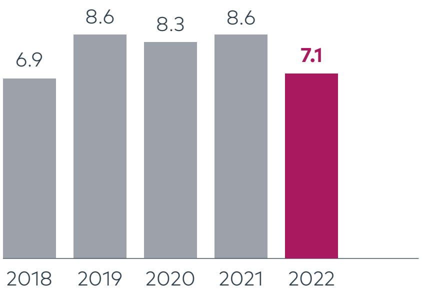
Adjusted earnings before interest, tax, depreciation and amortisation. A reconciliation of adjusted EBITDA is shown in note 1 to the financial statements.

2022 performance:
Adjusted EBITDA was 5% lower than last year, on a continuing group basis, and included a $17 million impact from currency movements. Excluding this, adjusted EBITDA was broadly flat on last year.

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

Adjusted EBITDA[1] margin

%



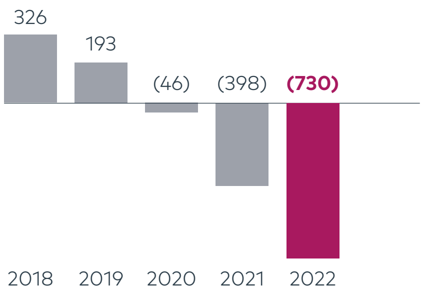
Adjusted EBITDA as a percentage of revenue.

2022 performance:
Adjusted EBITDA margin of 7.1% compared to 7.7% last year, on a continuing group basis. This includes the impact of the previously guided lower margin in Operations, and a lower margin in Consulting that partly reflects the impact from exiting work in Russia.

Target:
Adjusted EBITDA margins to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we see opportunity for margin improvement.

Free cash flow

£m



Free cash flow is defined as all cash flows before acquisitions, disposals and dividends. It includes all mandatory payments the Group makes such as interest and tax, and all exceptional cash flows. It excludes the impacts of IFRS 16 (Leases) accounting. A reconciliation of free cash flow to our statutory cash flow is shown on page 32 of the financial review.

2022 performance:
Free cash flow of $(730) million includes a working capital outflow of $367 million and exceptional cash costs of $319 million, including the scheduled SFO settlement payment and costs associated with previously provided for loss-making contracts, principally Aegis.

Target:
Free cash flow positive in 2024.

For more information on our financial performance see pages 26 to 35

1. The prior year figures in the chart have not been restated to reflect discontinued operations.

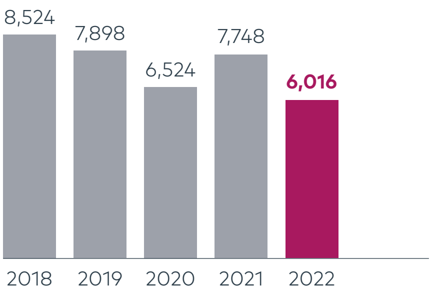
Linking our KPIs to our strategy

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

Profitable growth **Performance excellence** **Inspired culture**

Order book[1]

$m



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

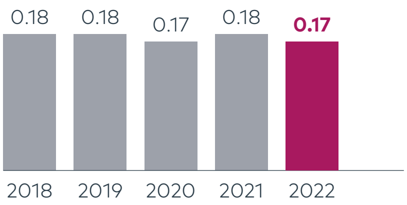
2022 performance:
Flat on last year and up 4% at constant currency, on a continuing group basis. Strong order book growth in Projects and small growth in Consulting. Expected lower order book in Operations reflecting phasing of large contract awards.

Target:
To grow our order book each year.

Safety:

Total recordable incident rate (TRIR)

per 200,000 work hours



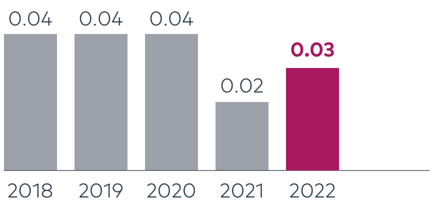
We continued to monitor performance using traditional safety metrics in order to compare data with previous years.

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

2022 performance:
In total there were 115 recordable incidents across the business. This represents a 6% reduction in the number of injuries compared with 2021. Overall, our 2022 TRIR performance marginally improved to 0.17, compared to 0.18 in 2021.

Lost time incident rate (LTIR)

per 200,000 work hours

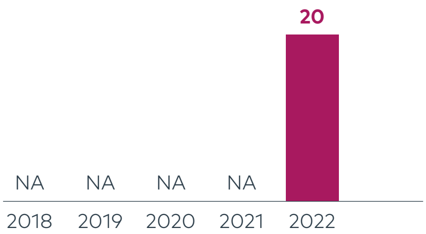


LTIR measures lost time incidents per 200,000 exposure hours and is inclusive of contractors working under Woods management system.

2022 performance:
In total there were 18 Lost Time Incident cases across the business. This represents three more than the previous year. As a result, our LTIR marginally increased to 0.03 from 0.02.

Revenue from sustainable solutions

%



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

2022 performance:
In 2022, around 20% of revenue came from sustainable solutions. This is the first year we have measured this metric.

Target:
To grow our revenue from sustainable solutions.

Serious Injury & Fatality (SIF)

In 2022 our target was to have zero incidents that resulted in fatality, life threatening or life altering injury or illness.

2022 performance:
Two incidents classified as SIF Actual occurred resulting in significant injuries. The first occurred in our Operations Americas business when an operator was struck in the abdomen by a thermowell fitting he was tightening. The second occurred in our Projects business in the United Kingdom where a linesman fell from height.

For more information on our safety performance see page 74

Key performance indicators continued

Measuring our sustainability performance

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

Our sustainability programme seeks to address the matters that are most important to both our business and our key stakeholders. We measure our performance against our sustainability journey through a set of targets that were established in 2020 and are aligned to the UN Sustainable Development Goals.

Our focus in 2022 has been on collaboration and education across our entire organisation to gain momentum against our sustainability goals across our entire organisation. This collaboration has enabled the development of a Sustainability Code of Practice (SCoP) to provide our operational teams with practical steps to contribute to the achievement of our targets.

A key priority for 2023 will be to establish revised baselines for a number of our targets to reflect the impact of the sale of our Built Environment business in September 2022.

Delivering our purpose

7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our aim: To be trusted to solve the challenges of our changing climate and developing populations

Our goal:
Consistently ranked in the Top Quartile ESG investment ratings within our sector group by 2025

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

2022 progress:
Awarded "AA Leader" rating from MSCI in 2022 for an eighth consecutive year, within the top 25% for Energy, Equipment and Services.

We are committed to maintaining our strong ESG ratings and in 2022 have focused on continuous improvement in disclosures of our exposure to, and governance of, ESG risks. A key part of this was the launch of the sustainability hub on our website, drawing together information on our approach to sustainability including strategy, governance, policies and key data.

Our goal:
Doubling client support aligned to the energy transition and more sustainable infrastructure by 2030

Why is it important?
With capabilities to deliver sustainable services from planning and design to the re-purposing of assets, our work to increase the pace of energy transition and decarbonisation will help deliver the solutions needed for a sustainable future.

2022 progress:
During 2022 we continued to win new projects supporting energy transition, and decarbonisation including:

- Supplying solar power to decarbonise an onshore oil & gas operation for Chevron
- Delivering Europe's lowest carbon ethane cracker
- Providing pre-FEED for carbon capture at an oil refinery

Embedding fair working practices through our business partnerships

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our aim: To work fairly, transparently and ethically through the trusted partnerships we create

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

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

Why is it important?
As we continue to deliver responsibly and successfully on projects across the globe, we commit to caring for our people by championing and protecting their welfare. Extending the principles of Building Responsibly to our supply chain partners will ensure we create ethical partnerships that help to reduce our exposure to potential human rights violations.

2022 progress:
We made significant progress towards our worker welfare targets in 2022. In particular:

- Our Supply Chain Code of Conduct was updated to require compliance with the Building Responsibly principles by all new suppliers
- We have reviewed our supply chain of over 10,000 suppliers to identify those supplying labour. We are now engaging with those 88 labour suppliers to provide training and to ensure that they commit to the Building Responsibly principles
- Completion of the revision of supplier governance rules and pre-qualification and monitoring process
- As part of the exercise to embed the Building Responsibly principles, our Supply Chain Code of Conduct was also updated to require our suppliers to mandate compliance with our code of conduct throughout their own supply chain

Managing our environmental impact

Our aim: To take responsibility for the impact of the work we do and how we deliver it on the planet we share

Our goal:
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_2e in 2019

Why is it important?
A brighter tomorrow will be a reality for future generations with a lower carbon pledge. We believe we have an important role to play and our approach, aligned to recognised global standards on emissions reduction, seeks to deliver absolute reductions in our carbon emissions that will help the world to meet 2050 net-zero ambitions.

2022 progress:
Our scope 1 & 2 emissions were 60,611 tonnes CO_2e. This is a reduction of 20% from 2021, largely due to the disposal of the Martinez power plant in late 2021, eliminating the associated operational electricity usage, and completion of certain energy intensive projects. Overall, our emissions have reduced by 65% compared to our 2019 baseline.

We made further progress in the purchase of renewable energy across the business, with around 55% of our electricity now sourced from certified renewable energy sources. Building on our experience of the Covid-19 pandemic, we also made good progress in the consolidation of our real estate portfolio, increasing the employee density of our offices.

Our goal:
To ensure all Wood offices are single use plastic (SUP) free by 2025.

Why is it important?
The impact of SUPs on the environment and the role we all play to make more responsible choices to reduce waste is well recognised. Our people are keen to play their part in the action to reverse the impact of SUPs.

2022 progress:
We commenced a process to assess SUP consumption in our offices to attribute a rating according to plastic usage.

By the end of 2022, 25% of our offices had been assessed. Currently, 7% are SUP free and 11% are substantially SUP free. Progress to date has been impacted by office closures and hybrid working as a result of the pandemic. Our focus is to ensure all offices owned or leased by Wood have an elimination plan in place in order to achieve our target by 2025.

Developing an inclusive & diverse workforce

Our aim: To recognise, welcome and celebrate diversity of thought, experience and background to find our boldest solutions and nurture our talent

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

Why is it important?
Greater balance across our leadership enables better diversity in our decision making resulting greater engagement and improved retention in our workforce, more innovation and better financial results.

2022 progress:
We are focused on creating more innovative, creative and inclusive teams by embracing and celebrating the value each person brings to Wood. We recognise the rich diversity of experience, expertise, backgrounds and beliefs brought to our business through our people and, whilst we champion our aspirational goal to target 40% female representation in senior leadership roles by 2030, Wood remains committed to recruiting and promoting individuals with the required skills and experience for each role, irrespective of their characteristics.

In 2022, we had 32% female leaders in our organisation, a reduction from 33% in 2021. The sale of our Built Environment consulting business resulted in a reduction in female leaders, despite the roll-out of functional and business unit plans to increase inclusion and diversity. In 2023 we will renew our focus on developing female P&L leaders across Wood. We will also continue our focus on gender balance for our Early Careers population, following 48% of our intake being female in 2022.

In addition, in support of our commitment to being a diverse, inclusive, and equal opportunities employer and promoting an environment that is free from all forms of bias, we introduced voluntary ethnicity pay gap reporting in 2022 in Australia, the UK and US.

Positively impacting on the communities we operate in

Our aim: To lift up the communities around us using our energy and expertise to improve lives

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

Why is it important?
We recognise our responsibility to support and empower the people and places we impact. Giving back, through our energy, expertise and funding creates possibilities that enable the growth and sustainability of the communities we live and work, in whilst also increasing workforce engagement.

2022 progress:
To date, we have reached 15% of our target and contributed $1,528,230 towards our 2030 target. This includes seed funding awards, employee matched funding, direct financial and resource donations and volunteering time. In 2023 we will continue to focus on improving reporting through our Group-wide sustainability action tracker to increase visibility of Global Cause activity across the Group.

Segmental review

Consulting

Azad Hessamodini
Executive President, Consulting

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

Revenue (pre-exceptional items)

$625m (2021: $599m) ▲ 4.4%

Adjusted EBITDA

$73m (2021: $77m) ▼ 5.2%

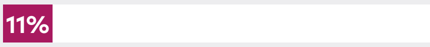
Adjusted EBITDA margin

11.7% (2021: 12.9%) ▼ 1.2ppts

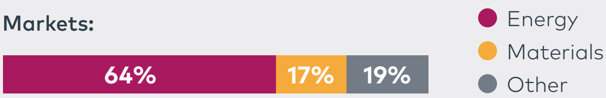
Order book

$476m (2021: $491m) ▼ 3.1%

% of Group revenue:



Markets:



Our Consulting business provides technical consulting, digital consulting, and energy asset and technology solutions. It also provides a range of decarbonisation solutions that sit across Consulting and opens opportunities across Wood's other business units.

Revenue of $625 million was 4% higher than last year, and 13% higher on a constant currency basis, with strong growth in our solutions across both energy security and energy transition.

Adjusted EBITDA of $73 million was 5% lower than last year but 5% higher on a constant currency basis. The adjusted EBITDA margin declined from 12.9% to 11.7% due to a weaker performance in Applied Intelligence, the impact of exiting high-margin work in Russia and some employee cost pressures across our business.

The order book at 31 December 2022 was $476 million, down 3% on last year but up 3% at constant currency. This reflects good growth across oil and gas and energy transition solutions. At 31 December 2022, revenue in our order book for delivery in 2023 was $361 million, down 9% on last year, reflecting a change in mix in energy consulting compared to a year ago.

Operational review

Growth in the year was led by our solutions across energy security and transition. Encouragingly, we continue to see significant increases in demand for our consulting offering across hydrogen, carbon capture and other decarbonisation activities. Key contract wins in the year across Consulting included:

- Technology upgrade of a hydrogen steam methane reformer in Equatorial Guinea
- FEED award to modernise controls systems for two key gas plants in the UK
- Feasibility study for chemicals derivative facility in Abu Dhabi

We saw an increase in work across hydrogen and carbon capture in the year. Looking ahead, we expect demand for our work across these areas to grow significantly, helped in part by the Inflation Reduction Act in the USA.

Revenue from sustainable solutions for Consulting was around $160 million in the year, representing around 25% of revenue.

Outlook for 2023

Following the sale of Built Environment Consulting, our Consulting business has refocused. We expect revenue growth for the year given the underlying demand for our services and the growth in headcount. Performance is expected to be weighted to the second half of the year.

Differentiators

- Deep domain expertise combined with technical knowledge
- Trusted partnerships with long-term global clients
- Ability to leverage integrated Wood offering
- Innovative carbon reduction solutions to help enable net zero
- Global footprint across our digital advisory business
- Industry-leading digitalisation solutions
- Leading systems integrator with technology agnostic solutions

Projects

Craig Shanaghey
Executive President, Operations

Delivering solutions for complex, high-value capital investments.

Revenue (pre-exceptional items)

$2,211m (2021: $2,340m) ▼ 5.5%

Adjusted EBITDA

$169m (2021: $168m) ▲ 0.6%

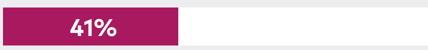
Adjusted EBITDA margin

7.6% (2021: 7.2%) ▲ 0.4ppts

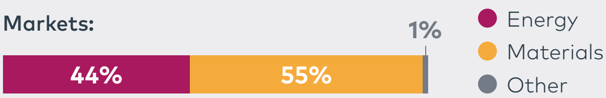
Order book

$2,081m (2021: $1,807m) ▲ 15.2%

% of Group revenue:



Markets:



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

Revenue of $2,211 million was 6% lower than last year, and down 2% on a constant currency basis. This included a decline in the first half of the year and a return to growth in the second half of 4%, or 8% at constant currency. The return to growth came from our services-led approach following our strategic decision to move away from riskier LSTK work.

Adjusted EBITDA of $169 million was slightly higher than last year and up 9% on a constant currency basis. The adjusted EBITDA margin increased by 0.4 percentage points to 7.6%, driven by improved project performance and the continued shift to a services-led business model. In addition to these adjusted results, around $25 million of contract losses were recognised as exceptional items, see details in the Financial Review.

The order book at 31 December 2022 was $2,081 million, up 15% on last year driven by growth across the majority of our end markets, particularly oil & gas and chemicals. At 31 December 2022, revenue in our order book for delivery in 2023 was $1,606 million, up 22% on the position a year ago.

Operational review

Business growth in the year was balanced across energy and materials markets, with a significant uptick in work in the Middle East as customer investment increased in the region. Key contracts wins in the year included:

- EPCm contract worth more than $100 million to deliver Europe's lowest carbon ethane cracker for INEOS
- FEED and detailed design contract from Enter Engineering to deliver world's largest copper concentrator
- EPCm contract with Evonik in Alabama to support the production of sustainable animal feed
- Over $300 million of contract wins in the Middle East in the second half of the year

In addition to returning to growth, we made good progress in closing our challenging contracts in 2022 as we finalise our move away from LSTK contracts, including moving to completion on our renewables EPC contracts.

Revenue from sustainable solutions for Projects was around $650 million in the year, representing around 30% of revenue.

Outlook for 2023

We expect strong revenue growth for the year given the underlying demand for our services, the significant growth in order book and the growth in headcount.

Differentiators

- Excellent track record of managing complexity
- World's leading project delivery professionals with the ability to scale through regional hubs of expertise
- Strategic, long-term client partnerships
- Engineering solutions to reduce carbon at the outset of every project
- Cutting-edge digital strategies that deliver sustainable value to clients
- Deep experience in optimising cost and schedule for clients
- Ability to leverage integrated Wood offering

Segmental review continued

Operations

Steve Nicol
Executive President, Operations

Essential services keeping the world's critical industries performing.

Revenue (pre-exceptional items)

$2,407m (2021: $2,098m) ▲ 14.7%

Adjusted EBITDA

$148m (2021: $172m) ▼ 13.9%

Adjusted EBITDA margin

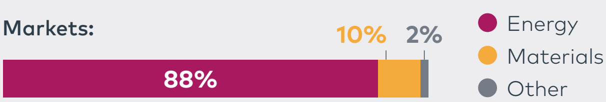
6.1% (2021: 8.2%) ▼ 2.1ppts

Order book

$3,295m (2021: $3,630m) ▼ 9.2%

% of Group revenue:

Markets:



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

Revenue of $2,407 million was 15% higher than last year, and 17% higher at constant currency, reflecting higher activity levels across our business given the stronger market conditions in conventional energy, especially in Europe and the Middle East. Revenue growth was also helped by an increased level of passthrough revenue.

Adjusted EBITDA of $148 million was 14% lower than last year, and 11% lower at constant currency, and reflects the reduction in margin from 8.2% to 6.1%. This lower margin was expected given increased passthrough revenue and a lower level of contract close-out benefits in the year compared to previous years.

The order book at 31 December 2022 was $3,295 million, 9% lower than last year. This reflects the phasing of large multi-year awards. At 31 December 2022, revenue in our order book for delivery in 2023 was $1,836 million, up 4% on the position a year ago.

Operational review

Business growth in the year reflects higher activity levels across our markets, most notably in Europe and the Middle East. Key contracts wins in the year included:

- 3-year extension to our maintenance, modifications and operations framework agreement with Equinor
- Contract extension with Basra Gas Company in Iraq, including repurposing flare gas to reduce emissions
- Contract renewal for maintenance and operations solutions to Florida Power & Light

Revenue from sustainable solutions for Operations was around $230 million in the year, representing around 10% of revenue.

Outlook for 2023

We expect increased activity for the year given the underlying demand for our services.

Differentiators

- Deep domain expertise combined with technical knowledge
- Trusted partnerships with long-term global clients
- Ability to leverage integrated Wood offering
- Innovative carbon reduction solutions to help enable net zero
- Global footprint across our digital advisory business
- Industry-leading digitalisation solutions
- Leading systems integrator with technology agnostic solutions

Investment Services

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

Revenue of $199 million was broadly flat on last year and up 3% at constant currency. Adjusted EBITDA of $69 million was 8% higher than last year. This includes an improved performance across our businesses.

The order book at 31 December 2022 was $164 million, up significantly on last year. At 31 December 2022, revenue in our order book for delivery in 2023 was $126 million, up 27% on the position a year ago.

As is typical, performance in our Turbines joint ventures was weighted to the second half of the year. We expect this weighting to continue in FY23.

Revenue (pre-exceptional items)

$199m (2021: $201m) ▼ **0.9%**

Adjusted EBITDA

$69m (2021: $64m) ▲ **7.6%**

Adjusted EBITDA margin

34.7% (2021: 31.8%) ▲ **2.9ppts**

Order book

$164m (2021: $120m) ▲ **36.8%**

Central Costs

Central costs, not allocated to business units, decreased to $74 million. The reduction partly reflects our cost reduction programme. FY21 included a $11 million gain on sale of property.

Outlook for 2023

We expect central costs for FY23 to be higher than FY22 due to inflationary pressure on salaries and costs.

Adjusted EBITDA[3]

$(74)m (2021: $(77)m) ▼ **3.8%**

The importance of investing in the life sciences industry was all too evident during the Covid-19 pandemic.

Access to top-class R&D and manufacturing production facilities enabled the world to develop scalable solutions to combat the virus. Since then, capital investment has continued to accelerate in this space.

Wood has a long history of working with clients in the life sciences sector. Last year, we were selected by the Commonwealth Scientific & Industrial Research Organisation (CSIRO), Australia's national science agency, to design new laboratory spaces as part of the refurbishment of the Australian Centre for Disease Preparedness (ACDP).

The ACDP is a specialist facility that supports scientific research into highly infectious agents.

It includes advanced and safe laboratory facilities for testing, diagnostics, research, development, and production to help prevent and eradicate infectious diseases. The refurbishment is expected to be operational by 2027.

"We are proud of Wood's technical expertise in the specialised area of high containment laboratories. Together with our partners, we will work closely with CSIRO to create smart solutions for a world-class facility."

Financial review

Results in line with expectations.

David Kemp
CFO

"We expect our performance in FY23 to be line with our medium-term targets – adjusted EBITDA margins to be flat in the nearer term, partly as we reinvest in the business to secure growth. In the medium term, we continue to see opportunity for some margin improvement. Adjusted EBITDA to grow at mid to high single digit CAGR over the medium term, with momentum building over time as our strategy delivers."

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 31.

	2022 $m	2021 (*restated) $m
Continuing operations		
Revenue (pre exceptionals)	**5,442.2**	5,237.7
Adjusted EBITDA[1]	**385.1**	404.3
Adjusted EBITDA margin %	***7.1%***	*7.7%*
Depreciation (PPE)	**(29.3)**	(35.1)
Depreciation on right of use asset (IFRS 16)	**(90.5)**	(85.9)
Impairment of joint venture investments and property, plant and equipment	**(2.4)**	(5.3)
Amortisation – software and system development	**(89.0)**	(90.8)
Adjusted EBIT	**173.9**	187.2
Amortisation – intangible assets from acquisitions	**(64.4)**	(78.3)
Tax and interest charges on joint ventures	**(14.3)**	(15.3)
Exceptional items	**(121.2)**	(155.7)
Impairment of goodwill and intangible assets	**(542.3)**	–
Operating loss	**(568.3)**	(62.1)
Net finance expense	**(109.8)**	(92.2)
Interest charge on lease liability	**(16.4)**	(17.7)
Loss before taxation from continuing operations	**(694.5)**	(172.0)
Tax charge	**(10.9)**	(41.5)
Loss for the year from continuing operations	**(705.4)**	(213.5)
Profit from discontinued operations, net of tax	**353.7**	78.0
Loss for the period	**(351.7)**	(135.5)
Non-controlling interest	(4.6)	(4.0)
Loss attributable to owners of parent	**(356.3)**	(139.5)
Number of shares (basic)	**680.4**	675.6
Basic earnings per share (cents)	**(52.4)**	(20.6)

* The comparative information has been restated due to a discontinued operation outlined in note 7 of the financial statements.

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

Revenue for 2022 includes an exceptional item of $(8.0) million (2021: $(25.4) million) related to contract losses in respect of the closure of the Power and Industrials EPC business. In 2021, the exceptional item 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.

During the year, Adjusted EBITDA reduced by $19.2 million to $385.1 million primarily due to adverse movements in FX rates. Operating loss of $568.3 million (2021: $62.1 million) has increased due to the large impairment charge recorded against goodwill and intangible assets. The $353.7 million profit from discontinued operations, net of tax includes the gain of disposal of $514.5 million. The final proceeds from the Built Environment Consulting business will be finalised during the first half of 2023 upon agreement of the completion balance sheet between the Group and WSP.

The review of our trading performance is contained within the Chief Executive Review on pages 6 to 9.

Reconciliation of Adjusted EBIT to Adjusted diluted EPS

	2022 $m	2021 (*restated) $m
Adjusted EBIT	**173.9**	187.2
Tax and interest charges on joint ventures	**(14.3)**	(15.3)
Adjusted net finance expense	**(103.9)**	(85.9)
Interest charge on lease liability	**(16.4)**	(17.7)
Adjusted profit before tax	**39.3**	68.3
Adjusted tax charge	**(59.2)**	(49.9)
Adjusted profit from discontinued operations, net of tax	**63.3**	103.9
Adjusted profit for the period	**43.4**	122.3
Non-controlling interest	**(4.6)**	(4.0)
Adjusted earnings	**38.8**	118.3
Number of shares (m) – diluted	**680.4**	675.6
Adjusted diluted EPS (cents)[2]	**5.7**	17.5

See notes on page 35

Reconciliation to GAAP measures

	2022 $m	2021 $m
Loss before tax from continuing operations	**(694.5)**	(172.0)
Impairment of goodwill and intangible assets	**542.3**	–
Exceptional items	**121.2**	155.7
Exceptional items – net finance expense	**5.9**	6.3
Amortisation -intangible assets from acquisitions	**64.4**	78.3
Adjusted profit before tax	**39.3**	68.3
Taxation	**10.9**	41.5
Tax in relation to acquisition amortisation	**11.9**	17.5
Tax on exceptional items	**36.4**	(9.1)
Adjusted tax charge	**59.2**	49.9
Profit from discontinued operations, net of tax	**353.7**	78.0
Discontinued operations, gain on disposal	**(297.1)**	–
Discontinued items, exceptional items	**6.7**	4.0
Amortisation on acquired intangibles, net of tax	**–**	21.9
Adjusted profit from discontinued operations, net of tax	**63.3**	103.9

The reconciliation from Adjusted EBIT of $173.9 million (2021: $187.2 million) to Adjusted earnings of $38.8 million (2021: $118.3 million) has been provided to show a clear reconciliation to Adjusted diluted EPS, which is a key performance measure of the Group. The reconciliation to GAAP measures highlights that the adjusted measures remove exceptional items, including impairment charges against goodwill and intangible assets, the exceptional items on discontinued operations and the associated tax charges on the basis that these are disclosed separately due to their size and nature to enable a full understanding of the Group's performance. Please refer to commentary on exceptional items and associated tax charges on pages 28 to 29. In addition, amortisation on intangible assets from acquisitions and the associated tax credit has been excluded in order to provide a comparison to other groups.

Financial review continued

Amortisation, depreciation and other impairments for continuing operations

Total amortisation for 2022 was $153.4 million (2021: $191.7 million), of which $153.4 million (2021: $169.1 million) relates to the continuing Group. The total amortisation charge includes $63.5 million for Amec Foster Wheeler ("AFW") (2021: $75.3 million) and $0.9 million (2021: $3.0 million) of amortisation relating to intangible assets arising from prior year acquisitions. Amortisation in respect of software and development costs was $89.0 million (2021: $90.8 million) and this largely relates to engineering software and ERP system development. Included in the amortisation charge for the year is $1.5 million (2021: $1.8 million) in respect of joint ventures.

The total depreciation charge in 2022 for the continuing group amounted to $119.8 million (2021: $121.0 million) and includes depreciation on right of use assets of $90.5 million (2021: $85.9 million). Included in the depreciation charge for the year is $12.3 million (2021: $12.1 million) in respect of joint ventures.

Other impairments for 2022 were $2.4 million (2021: $5.3 million) mainly related to impairments recorded against joint venture investments.

Net finance expense and debt

	2022 $m	2021 $m
Interest on bank borrowings	**47.2**	32.8
Interest on US Private Placement debt	**40.3**	35.9
Discounting relating to asbestos, deferred consideration and other liabilities	**6.8**	6.4
Other interest, fees and charges	**22.4**	20.4
Total finance expense excluding joint ventures and interest charge on lease liability	**116.7**	95.5
Finance income relating to defined benefit pension schemes	**(2.4)**	(0.2)
Other finance income	**(4.5)**	(3.1)
Net finance expense	**109.8**	92.2
Interest charge on lease liability	**16.4**	17.7
Net finance charges in respect of joint ventures	**4.4**	3.6
Net finance expense including joint ventures and interest charge on lease liability	**130.6**	113.5

Interest on bank borrowings of $47.2 million (2021: $32.8 million) primarily relates to interest charged on borrowings under the $1.2 billion Revolving Credit Facility ('RCF') which matures in October 2026 and the United Kingdom Export Facility ('UKEF') term loan which matures in July 2026. The original $600 million term loan was partially repaid following the disposal of the Built Environment Consulting business, with two separate repayments of $200 million in September and December 2022. The increase in the interest expense is driven by higher levels of debt in the first half of 2022 compared with 2021 and higher interest rates. The interest rate increase is due to a combination of higher margin because net debt to adjusted EBITDA exceeded 3.5 times and higher floating interest rates.

The interest charge on US Private Placement debt increased by $4.4 million to $40.3 million primarily due to the covenant waiver which led to an additional charge of $7.7 million. As part of the Built Environment Consulting business sales process, the Group agreed lender consent for the sale and a temporary amendment of the net debt to Adjusted EBITDA covenant to 4.5 times in June and December 2022 measurement dates.

The increased interest caused by higher margin was offset due to the total repayment of around $450 million to the USPP noteholders, which was comprised of the early settlement of notes following the disposal of the Built Environment Consulting business in 2022 and the $35 million tranche which fell due in July 2022. The Group had $352.0 million (2021: $803.3 million) of unsecured loan notes outstanding at 31 December 2022, maturing between 2024 and 2031.

Other interest, fees and charges amount to $22.4 million (2021: $20.4 million) and principally relates to the amortisation of bank facility costs of $10.5 million (2021: $7.4 million) and interest on bank overdrafts.

In total, the Group had undrawn facilities of $1,265.4 million as at 31 December 2022, of which $1,157.9 million related to the revolving credit facility.

The Group recognised interest costs in relation to lease liabilities of $16.4 million (2021: $17.7 million) which relates to the unwinding of discount on the lease liability.

The unwinding of discount on the asbestos provision is $5.9 million (2021: $6.3 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 1.3 times (2021: 3.3 times) against our covenants of 3.5 times. This is calculated pre-IFRS 16 as our covenants are calculated on a frozen GAAP basis, see note 4 on page 35.

Interest cover (see note 5 on page 35) was 4.1 times (2021: 4.5 times) against our covenant of 3.5 times.

Exceptional items

	2022 $m	2021 $m
Aegis contract loss (revenue)	**–**	25.4
Aegis contract loss (cost of sales)	**–**	73.9
Power and Industrial EPC losses (revenue)	**8.0**	–
Power and Industrial EPC losses (cost of sales)	**17.0**	–
Impairment charge	**542.3**	–
Gain on divestment of business	**–**	(14.4)
Redundancy, restructuring and integration costs	**30.1**	73.9
Enterprise settlement	**35.6**	–
Investigation support costs and provisions	**(4.2)**	–
Asbestos yield curve, costs and charges	**21.5**	(3.1)
Russia exit costs and charges	**13.2**	–
Exceptional items included in continuing operations, before interest and tax	**663.5**	155.7
Unwinding of discount on asbestos provision	**5.9**	6.3
Tax charge/(credit) in relation to exceptional items	**5.2**	(1.2)
Impact of change in UK rate on prior year exceptional deferred tax	**–**	10.3
Recognition of deferred tax assets due to UK pension actuarial movements	**(41.6)**	–
Continuing exceptional items, net of interest and tax	**633.0**	171.1

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

Power and Industrial EPC losses

The Power and Industrial EPC losses relates to events in 2022 which resulted in a further write down of fixed price contracts in the Power and Industrial EPC business, following the strategic decision to exit this market during 2021. By virtue of its size and nature of these projects being within a sector that the Group no longer operates, this was recorded as an exceptional charge through revenue and cost of sales. The negative revenue of $8.0 million represents the impact of a reduction in total value of the contract, is in relation to revenue recognised in prior years and is unchanged from the half year.

Aegis contract loss

The Aegis contract loss in 2021 of $99.3 million reflected an estimate of the full contract loss at that time.

Impairment charge of goodwill and intangible assets

The impairment charge recognised against goodwill and intangible assets amounts to $542.3 million and is recorded within exceptional items by virtue of its size. The impairment charge was triggered by the disposal of the Built Environment Consulting business, increases in discount rates and lower expectations of profitability during the forecast period.

The disposal of the Built Environment Consulting business and increasing discount rates increased the risk of an impairment charge being recognised at the year end, as outlined in the Group's interim condensed financial statements. The discount rate increased by 1.35% since the half year which was largely driven by increases to risk free rates and higher market volatility.

Included within the impairment charge of $542.3 million were impairments of $44.9 million and $4.2 million taken against the brand and customer relationships which were recognised on the acquisition of AFW. The Group performed an assessment over the brand asset recognised on acquisition of AFW. The carrying value of the brand was tested by considering its value in use, as it was determined that there is no readily available market to sell the brand as a standalone asset.

Redundancy, restructuring and integration costs

During the year to 31 December 2022, $30.1 million was incurred in relation to redundancy and restructuring activities. During 2022 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. Included within the $30.1 million were costs of around $11.0 million in developing the new strategy which is expected to further enhance profitability and cash generation in the medium to long term.

Gain on sale of divestment of business

The gain in 2021 of $14.4 million relates to the disposal of the Group's interest in Sulzer Wood Limited.

Enterprise settlement

The Enterprise claim was concluded in November 2022, with the amount settled being in excess of the amount provided for. Overall, the amount paid to Enterprise was higher than our underlying legal assessment of the merits of the case, but further drawn-out litigation was likely to be costly and carried a risk that a court awarded a figure higher than the amount paid. The charge in the year was classed as an exceptional item both by its nature, a historic litigation settlement and by size.

Investigation support costs and provisions

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. The $4.2 million credit relates to the release of some provisions made for additional legal and other costs which were ultimately not needed. Certain amounts due to the SFO and COFPS have been deferred in line with agreed payment schedules and the disclosures in the financial statements reflect this.

Asbestos

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

The $21.5 million charge (2021: credit $3.1 million) principally comprises a $52.8 million charge in the period and was a result of an updated actuarial review which updated the best estimate for recent claims experience and latest projections. This is offset by a credit of $31.3 million in 2022, which comprises of a $35.6 million yield curve credit as a result of higher discount rates (2021: $5.6 million) and $4.3 million (2021: $2.5 million) of costs in relation to managing the claims. The 30-year US Treasury rate has increased to 3.97%, from 1.90% at the end of December 2021, and led to the income statement credit.

$5.9 million of interest costs which relate to the unwinding of discount on the asbestos provision are also shown as exceptional (2021: $6.3 million).

Russia exit costs and charges

The Group has incurred costs of $7 million in relation to the exit of its business in Russia as a result of Government sanctions. The exceptional cost recognised during 2022 relates to early contract exits and associated losses, the closure of an office and other legal costs. In addition, the Group has impaired cash balances held within Russia by $6.2 million. The Group has confidence in being able to utilise the remaining balance of $5 million, disclosed as restricted cash in note 16 to the financial statements, to meet these exit costs.

Tax

An exceptional tax credit of $36.4 million (2021: charge $9.1 million) has been recorded in continuing operations during the period. It consists of a $5.2 million tax charge on exceptional items (2021: $1.2 million credit) and an exceptional credit of $41.6 million recognised due to the actuarial gain in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the additional $41.6 million of deferred tax assets have been recognised through exceptional items based on its size. In 2021, a $10.3 million tax charge was recognised relating to the change of the UK tax rate impacting on deferred tax balances created in prior years through exceptional items.

Financial review continued

Taxation

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

	2022 $m	2021 $m
Loss from continuing operations before tax	**(694.5)**	(172.0)
Profit from discontinued operations, net of tax and before exceptional items	**63.3**	82.0
Tax charge in relation to joint ventures (note 13)	**9.9**	11.7
Amortisation (note 10)	**151.9**	189.9
Exceptional items (continuing operations)	**669.4**	162.0
Tax charge in relation to discontinued operations (note 7)	**7.9**	13.4
Profit before tax, exceptional items and amortisation	**207.9**	287.0
Effective tax rate on total operations (excluding tax on exceptional items and amortisation)	**36.84%**	26.38%
Tax charge (excluding tax on exceptional items and amortisation)	**76.6**	75.7
Tax charge in relation to joint ventures	**(9.9)**	(11.7)
Tax charge in relation to exceptional items (continuing operations)	**5.2**	9.1
Recognition of deferred tax assets due to UK pension actuarial movements	**(41.6)**	–
Tax credit in relation to amortisation	**(11.5)**	(18.2)
Tax charge on discontinued operations	**(7.9)**	(13.4)
Tax charge from continuing operations per the income statement	**10.9**	41.5

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 2022 are withholding taxes suffered on which full double tax relief is not available, the impact of the US Base Erosion and Anti Abuse Tax less the release of uncertain tax provisions reflecting the positive outcomes in relation to specific risks.

We anticipate that the tax rate will be 34% to 36% going forward reflecting the tax rates of the countries the Group operates in along with the withholding taxes in excess of double tax relief. There are factors that would impact on this on an annual basis such as actuarial movements on the UK pension scheme impacting on deferred tax asset recognition and changes in uncertain tax provisions.

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.

	2022			2021		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (restated) $m	Discontinued operations (restated) $m	Total (restated) $m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(77.0)**	**63.3**	**(13.7)**	(46.4)	82.0	35.6
Exceptional items, net of tax	**(633.0)**	**290.4**	**(342.6)**	(171.1)	(4.0)	(175.1)
(Losses)/earnings attributable to equity shareholders (basic)	**(710.0)**	**353.7**	**(356.3)**	(217.5)	78.0	(139.5)
Number of shares (basic)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Number of shares (diluted)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Basic earnings per share (cents)	**(104.4)**	**52.0**	**(52.4)**	(32.2)	11.6	(20.6)
Diluted earnings per share (cents)	**(104.4)**	**52.0**	**(52.4)**	(32.2)	11.6	(20.6)
(Losses)/earnings attributable to equity shareholders (diluted)	**(710.0)**	**353.7**	**(356.3)**	(217.5)	78.0	(139.5)
Exceptional items, net of tax	**633.0**	**(290.4)**	**342.6**	171.1	4.0	175.1
Amortisation of intangibles on acquisition, net of tax	**52.5**	**–**	**52.5**	60.8	21.9	82.7
Earnings/(losses) attributable to equity shareholders (adjusted diluted)	**(24.5)**	**63.3**	**38.8**	14.4	103.9	118.3
Earnings/(losses) attributable to equity shareholders (adjusted basic)	**(24.5)**	**63.3**	**38.8**	14.4	103.9	118.3
Number of shares (diluted)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Number of shares (basic)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Adjusted diluted (cents)	**(3.6)**	**9.3**	**5.7**	2.1	15.4	17.5
Adjusted basic (cents)	**(3.6)**	**9.3**	**5.7**	2.1	15.4	17.5

Basic loss per share for the year was a 52.4 cents per share (2021: 20.6 cents). The increase in loss per share is largely driven by an impairment charge on goodwill and intangible assets of $542.3 million partly offset by a post-tax gain on sale of discontinued operation of $297.1 million. Further details of this impairment charge and discontinued operation are explained within notes 10 and 7 of the financial statements.

Dividend

The Group's capital allocation policy was announced at the Capital Markets Day. The Board is committed to maintaining a strong balance sheet, with medium term target leverage range of around 0.5x to 1.5x, while investing in systems and software and addressing legacy issues. Beyond this, the Board will consider how best to create value for our shareholders from dividends, share buybacks or attractive acquisitions.

Financial review continued

Cash flow and net debt

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

	Excluding leases 2022 $m	**Impact of leases 2022 $m**	**Total 2022 $m**	Excluding leases 2021 $m	Impact of leases 2021 $m	Total 2021 $m
Adjusted EBITDA	**337.0**	**121.0**	**458.0**	**418.5**	**135.4**	**553.9**
Less JV EBITDA	(50.8)	(7.7)	(58.5)	(54.0)	(6.7)	(60.7)
JV Dividends	30.1	–	30.1	26.3	–	26.3
Adjusted decrease in provisions (note 6)	(43.7)	–	(43.7)	(75.6)	–	(75.6)
Other	28.1	–	28.1	10.7	3.3	14.0
Adjusted cash flow generated from operations pre working capital	**300.7**	**113.3**	**414.0**	**325.9**	**132.0**	**457.9**
Increase in receivables	(97.5)	–	(97.5)	(70.1)	–	(70.1)
Adjusted decrease in payables (note 6)	(267.6)	–	(267.6)	(235.9)	–	(235.9)
(Increase)/decrease in inventory	(1.6)	–	(1.6)	0.1	–	0.1
Adjusted working capital movements	(366.7)	–	(366.7)	(305.9)	–	(305.9)
Adjusted cash (outflow)/ generated from operations (note 6)	**(66.0)**	**113.3**	**47.3**	**20.0**	**132.0**	**152.0**
Purchase of property, plant and equipment	(27.6)	–	(27.6)	(22.4)	–	(22.4)
Proceeds from sale of property, plant and equipment	7.1	–	7.1	22.1	–	22.1
Purchase of intangible assets	(109.2)	–	(109.2)	(92.5)	–	(92.5)
Interest received	4.5	–	4.5	3.1	–	3.1
Interest paid	(98.1)	–	(98.1)	(87.5)	–	(87.5)
Adjusted tax paid	(81.9)	–	(81.9)	(73.5)	–	(73.5)
Other	(39.6)	(6.3)	(45.9)	(8.2)	14.6	6.4
Non-cash movement in leases	–	(14.7)	(14.7)	–	(76.0)	(76.0)
Free cash flow (excluding exceptionals)	(410.8)	92.3	(318.5)	(238.9)	70.6	(168.3)
Cash exceptionals	(318.8)	14.6	(304.2)	(159.1)	21.0	(138.1)
Free cash flow	**(729.6)**	**106.9**	**(622.7)**	**(398.0)**	**91.6**	**(306.4)**
Divestments	1,729.4	–	1,729.4	19.3	–	19.3
Decrease/(increase) in net debt	**999.8**	**106.9**	**1,106.7**	**(378.7)**	**91.6**	**(287.1)**
Opening net debt	**(1,393.0)**	**(449.8)**	**(1,842.8)**	**(1,014.3)**	**(541.4)**	**(1,555.7)**
Closing net debt	**(393.2)**	**(342.9)**	**(736.1)**	**(1,393.0)**	**(449.8)**	**(1,842.8)**

Closing net debt at 31 December 2022 including leases was $736.1 million (2021: $1,842.8 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 2022 was $342.9 million (2021: $449.8 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 2022 was $393.2 million (2021: $1,393.0 million). The reduction in net debt excluding leases of $999.8 million is mainly due to the proceeds from the divestment of the Built Environment Consulting business offset by higher cash exceptionals and a higher adjusted cash outflow from operations, due to a large working capital outflow. The monthly average net debt excluding leases in 2022 was $1,489.1 million (2021: $1,680.0 million). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year, and the net debt at December is significantly lower than the 2022 average net debt due to the receipt of the disposal proceeds in September 2022. 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.

Cash generated from operations pre-working capital decreased by $43.9 million to $414.0 million primarily as a result of the reduction in EBITDA. The movement in provisions in 2022 includes utilisations of the provision of around $40m and the net non-cash credit to EBITDA and is caused by releases to EBITDA exceeding the EBITDA charge of new provisions recognised. The release in 2022 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 $366.7 million (2021: $305.9 million). There was an improvement in activity levels in the final quarter of 2022 compared with 2021, and days sales outstanding ("DSO") has remained broadly similar, leading to a higher trade receivables and gross amounts due from customers, resulting in an outflow during 2022.

The outflow in the year due to payables of $267.6 million is higher than 2021. The large outflow in 2022 was due to quicker payments to suppliers, which led to a large reduction in the year end payables balance. The normalisation of payables was sign-posted as a use of the Built Environment Consulting business proceeds.

The Group uses a receivables financing facility of $200.0 million. The amount utilised at 31 December 2022 was $200.0 million (2021: $200.0 million). The facility is non-recourse to the Group and so is not included in our net debt.

Cash exceptionals have increased by $166.1 million to $304.2 million in 2022 and mainly relates to the settlement of known legal claims and asbestos payments, including the Enterprise settlement of $115 million, the investigation payments of around $38 million in respect of the investigation which was provided for in 2020 and asbestos payments of around $40 million. The remaining cash exceptional mainly relates to the legacy Aegis contract of $48 million and restructuring costs of around $35 million, which include the costs of developing the new strategy.

The free cash outflow of $622.7 million (2021: $306.4 million) has increased by $316.3 million, largely due to the $166.1 million and $104.7 million adverse movements in cash exceptionals and cash flow from operations respectively. The remaining adverse movement of $45.5 million in free cash flow is due to:

- Other outflows increased by $52.3 million to $45.9 million and principally comprise of foreign exchange movements of $25.4 million in net debt excluding leases (2021: $5.5 million) and movements on prepaid debt fees and accrued interest charges totalling $21.1 million (2021: inflow of $12.1 million).
- Proceeds from sale on property, plant and equipment decreased by $15.0 million to $7.1 million due to the one-off sale and lease back of a property in 2021 and an increase of $16.7 million related to the purchase of intangible assets, including software and investment in ERP improvements throughout the Group.
- There was an increase in tax payments during 2022 of $8.4 million due to the settlement of uncertain tax provisions ("UTPs"), which had been provided for in previous periods.
- Net interest paid in the period increased to $93.6 million (2021: $84.4 million) and is due to higher prevailing interest rates and net debt during the period.
- There was an offsetting reduction in lease liabilities of $61.3 million due to disposals of the lease liability following the sale of the Built Environment Consulting business.

Net cash from divestments of $1,729.4 million relates to the disposal of our Built Environment Consulting business in September, and includes taxes paid of $22 million on the disposal.

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA (less JV EBITDA) reduced to 11.8% (2021: 30.8%) primarily due to large working capital outflow during 2022.

Sources and uses of cash

The decrease in adjusted cash generated from operations from $152.0 million in 2021 to $47.3 million in 2022 reflects the lower EBITDA in the year and large working capital outflows.

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 of our debt facilities;
- Capital expenditure through investments in systems and software;
- Maintain financial strength to deal with legacy issues;
- Potential returns to our shareholders; and
- Potential acquisitions.

Summary balance sheet

	2022 $m	2021 $m
Goodwill and intangible assets	**4,309.1**	6,075.3
Right of use assets	**276.0**	356.1
Other non-current assets	**918.0**	790.6
Trade and other receivables	**1,545.0**	1,791.3
Trade and other payables	**(1,687.6)**	(1,998.6)
Net debt excluding leases	**(393.2)**	(1,393.0)
Lease liabilities	**(342.9)**	(449.8)
Provisions	**(459.7)**	(635.2)
Other net liabilities	**(435.2)**	(451.4)
Net assets	**3,729.5**	4,085.3
Net current liabilities	**(235.0)**	(367.9)

At 31 December 2022, the Group had net current liabilities of $235.0 million (2021: $367.9 million).

Goodwill and intangible assets include $2,523.5 million (2021: $4,228.7 million) of goodwill and intangibles relating to the acquisition of Amec Foster Wheeler. The balance has decreased due to the disposal of the Built Environment Consulting business leading to a reduction in carrying amount of $995.6 million; an impairment charge of $542.3 million, and amortisation of $64.4 million.

Right of use assets and lease liabilities amount to $276.0 million (2021: $356.1 million) and $342.9 million (2021: $449.8 million) respectively.

The reduction in trade and other receivables is primarily due to the disposal of the Built Environment Consulting business which was partially offset by increased activity levels in the final quarter of the year compared with the same period in 2021. 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 $311.0 million since December 2021 and this is mainly due to quicker payments to suppliers, which led to a large reduction in the year end payables balance, and the disposal of the Built Environment Consulting business.

Financial review continued

Provisions

Total provisions as at 31 December 2022 were $459.7 million (2021: $635.2 million) and comprise of asbestos liabilities of $311.4 million (2021: $342.1 million), litigation related provisions of $12.8 million (2021: $93.3 million), project related provisions of $63.3 million (2021: $112.2 million), insurance provisions of $46.2 million (2021: $55.2 million) and property provisions of $26.0 million (2021: $32.4 million).

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 2022, the Group has net asbestos related liabilities including current liabilities and insurance recovery assets of $335.4 million (2021: $349.1 million).

The Group expects to have net cash outflows of around $38 million as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2023. 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.

Litigation related provisions reduced from $93.3 million to $12.8 million in 2022, largely as a result of the settlement the Enterprise case in November 2022.

Full details of provisions are provided in note 21 to the Group financial statements.

Pensions

The Group operates a number of defined benefit pension schemes in the UK and US, alongside a number of defined contribution plans. At 31 December 2022, the UK defined benefit pension plan had a surplus of $432.4 million (2021: $259.6 million) and other schemes had deficits totalling $73.2 million (2021: $74.7 million).

The Group has total pension scheme assets of $2,892.2 million (2021: $4,811.5 million) and pension scheme obligations of $2,533.0 million (2021: $4,626.6 million) and is therefore 114% (2021: 104%) 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 2022 showed an increase in the discount rate which results in lower scheme liabilities and higher RPI inflation rates, thereby increasing the surplus compared to 2021. Full details of pension assets and liabilities are provided in note 33 to the Group financial statements.

In addition, our main UK defined benefit scheme (WPP) was 119% funded based on its significant surplus of $432 million on an IAS 19 basis, and is currently expected to be around 105% funded with a surplus of around £100 million ($130 million) on the more prudent Technical Provisions basis at 31 March 2023, consistent with the assumptions used at the last triennial actuarial valuation. The Group is currently working closely with the Trustee to agree a preferred direction regarding the future of the plan. Options being assessed include moving to a buy-in insured basis and eventual buy-out with a third party as soon as is reasonably practical, or to continue to run the WPP on for a limited number of years which could potentially generate further surplus.

Any potential further surplus that might arise from running the scheme on could benefit both the Group and pension members, ensuring that appropriate safeguards for both the funding position and members' interests are taken into account at all times.

Contingent liabilities

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

Divestments

During 2022 the Group disposed of the Built Environment Consulting business for $1,729.4 million, which includes the impact of taxes paid on the disposal. The final proceeds from the Built Environment Consulting business will be finalised during the first half of 2023 upon agreement of the completion balance sheet between the Group and WSP.

Notes

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

	2022 $m	2021 $m
Operating loss per income statement	**(568.3)**	(62.1)
Share of joint venture finance expense and tax (note 13)	**14.3**	15.3
Exceptional items (note 5)	**663.5**	155.7
Amortisation (including joint ventures)	**153.4**	169.1
Depreciation (including joint ventures)	**29.3**	35.1
Depreciation of right of use assets	**90.5**	85.9
Impairment of PP&E and right of use assets	**2.4**	5.3
Adjusted EBITDA (continuing operations)	**385.1**	404.3
Discontinued operation		
Operating profit (discontinued)	**66.2**	94.4
Exceptional items (note 5)	**6.7**	4.0
Amortisation (including joint ventures)	**–**	22.6
Depreciation (including joint ventures)	**–**	4.0
Depreciation of right of use assets	**–**	23.9
Impairment of PP&E and right of use assets	**–**	0.7
Adjusted EBITDA (discontinued operation)	**72.9**	149.6
Total Group Adjusted EBITDA	**458.0**	553.9

2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings attributable to owners before exceptional items and amortisation relating to acquisitions, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts. In 2022, 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 2022.
4. Net Debt to Adjusted EBITDA cover on a covenant and reported basis is presented in the table below:

	2022 $m	2021 $m
Net debt excluding lease liabilities (reported basis) (note 30)	**393.2**	1,393.0
Covenant adjustments	**16.2**	13.5
Net debt (covenant basis)	**409.4**	1,406.5
Adjusted EBITDA (covenant basis)	**315.1**	448.0
Net debt to Adjusted EBITDA (covenant basis) – times	**1.30**	3.14
Adjusted EBITDA (reported basis)	**294.4**	418.5
Net debt to Adjusted EBITDA (reported basis) – times	**1.34**	3.33

Adjusted EBITDA (covenant basis) excludes Adjusted EBITDA from the discontinued operation and the impact of leases. The covenant adjustment to net debt relates to finance leases which are adjusted for in line with the funding agreements. 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:

	2022 $m	2021 $m
Net finance expense	**109.8**	92.6
Covenant adjustments	**(4.8)**	(6.7)
Non-recurring net finance expense	**(37.5)**	–
Net finance expense (covenant basis)	**67.5**	85.9
Adjusted EBITA (covenant basis)	**273.6**	408.6
Interest cover (covenant basis) – times	**4.1**	4.8
Net finance expense	**109.8**	92.6
Non-recurring net finance expense	**(37.5)**	–
Recurring net finance expense	**72.3**	92.6
Adjusted EBITDA (reported basis)	**294.4**	418.5
Interest cover (reported basis) – times	**4.1**	4.5

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

	2022 $m	2021 $m
Decrease in provisions	**(123.1)**	(75.6)
Prior year cash exceptionals	**79.4**	–
Adjusted movement in provisions	**(43.7)**	(75.6)
Decrease in payables	**(398.9)**	(326.1)
Prior year cash exceptionals	**131.3**	90.2
Adjusted decrease in payables	**(267.6)**	(235.9)
Tax paid	**(103.9)**	(73.5)
Tax paid on disposal of business	**22.0**	–
Adjusted tax paid	**(81.9)**	(73.5)
Disposal of businesses (net of cash disposed)	**1,751.4**	19.3
Tax paid on disposal of business	**(22.0)**	–
Divestments	**1,729.4**	19.3
Adjusted cash generated from operations	**47.3**	152.0
Cash exceptionals	**(304.2)**	(138.1)
Cash (outflow)/generated from operations	**(256.9)**	13.9
Purchase of property, plant and equipment	**(27.6)**	(22.4)
Proceeds from sale of property, plant and equipment	**7.1**	22.1
Purchase of intangible assets	**(109.2)**	(92.5)
Interest received	**4.5**	3.1
Interest paid	**(98.1)**	(87.5)
Adjusted tax paid	**(81.9)**	(73.5)
Other	**(45.9)**	6.4
Non-cash movement in leases	**(14.7)**	(76.0)
Impact of leases	**(106.9)**	(91.6)
Free cash flow	**(729.6)**	(398.0)

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

7. Constant currency references. Growth rates shown at constant currency are calculated by comparing FY22 to FY21 restated at FY22 currency rates. This additional disclosure is made to help users better understand the growth of our businesses.
8. Adjusted EBITDA Margin. Adjusted EBITDA margin is adjusted EBITDA shown as a percentage of revenue. This measure is used by management to measure the performance of businesses, and is one of our medium term targets.
9. Revenue from sustainable solutions. Estimated share of FY22 revenue as defined by Wood. This figure is referred to across this document. Sustainable solutions consist of activities related to: renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, and decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in decarbonisation if 75% or more of the scope relates to that element, in which case the total revenue is recorded in decarbonisation.

Leading the way on carbon capture and storage

Many prominent industry groups including the International Energy Agency (IEA) and the UK's Climate Change Committee concur that there's no viable path to net zero without scaling up carbon capture and storage (CCS) technology.

Wood has an outstanding track record in CCS having completed over 175 studies on projects all across the globe. With new policies coming into play to support further investment, CCS will be a growth market for the company over the next three-year strategy cycle.

A great example of Wood's expertise in this space is a contract the company secured with the Pathways Alliance in Canada to provide engineering services for a significant CCS transportation system involving six of the country's largest oil sands producers.

Wood has been involved in the project from an early phase having carried out initial studies including pre-FEED work to inform the next stage of engineering for the transportation pipeline system.

The new scope involves the engineering and design of an approximately 400-kilometre main transportation line and laterals linking oil sands facilities in Fort McMurray, Christina Lake and Cold Lake regions with a subsurface carbon sequestration hub near Cold Lake.

The distribution system, along with the required metering and booster stations will gather and transport up to 40 Mt/year of carbon dioxide from more than 20 oil sands facilities by 2050. The project is expected to reduce emissions by over 10 million tonnes a year by 2030, about half of the Alliance's 22 million tonne goal by the end of this decade.

The Pathways Alliance includes Canada Natural, Cenovus, ConocoPhillips, Imperial Oil, MEG Energy and Suncor. Collectively, they operate around 95% of Canada's oil sands production and the group is working, with the support of the Canadian and Alberta governments, to achieve the goal of net zero greenhouse gas emissions from oil sands production by 2050.

175 studies

completed across globe

400km

CO2 transportation pipeline

10m tonnes

annual reduction in CO2

Stakeholder engagement

Effective engagement with our stakeholders

The Board recognises that the medium- and long-term sustainability of the Company is linked to 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 remarkable people are trusted by clients to design, build and advance the world. It's our people who find innovative solutions for our clients; it's our people who are unlocking solutions to some of our world's most critical challenges; and, ultimately, it's our people who will differentiate us in a complex, competitive market. Our Inspired Culture strategic pillar is about making Wood a great place to work; prioritising employee wellbeing, doing the right thing, putting sustainability at the heart of our business, and empowering each other – enabling us to perform with passion and purpose to design the future. It is our people who are key to Wood's success, and our people strategy is centred on four main themes: attract; develop; engage; retain & sustain. Details of our strategy in action in 2022 can be found on page 60.

How we engage

We discuss our workforce engagement activities on page 62.

Areas of engagement and outcomes

The Board and ELT hosted five Listening Group Network (LGN) calls during the year. This network, open to all Wood employees, provides the opportunity for updates from leadership on topics of the employees' choice as well as ensuring their voices and feedback are heard by members of the Board and ELT, with subsequent actions identified and implemented. These calls remain a fantastic opportunity for members of the Board to gain greater insight into the prevailing culture across Wood and consider any improvement actions.

More information describing the matters raised and outcomes of engagement can be found on page 62

Employee townhalls
Ken Gilmartin, CEO, implemented global townhall meetings, hosted by the ELT. Open to every employee, these meetings provide an opportunity to understand key updates from across Wood. In October, the ELT congratulated winners of the Inspire Awards, updated on Wood's financial performance, and provided a summary of key work activities within the business units. The December call provided an overview of the strategy, and associated reflections from the Capital Markets Day, along with a look back to key achievements in 2022, and a future focus to 2023.

Employee engagement surveys
Following the full global employee engagement survey in October 2021, focus groups were held in Q1 2022 which gave the Board and leaders 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. Remuneration Committee members participated in specific reward focus groups and provided summary updates back to the wider Board. As a result of feedback, a restricted stock plan was implemented for key leaders across Wood in 2022; in 2023 a simplified bonus plan will be introduced; and in 2024 we hope to be able to introduce a tax efficient employee share plan in the US, subject to shareholder approval at the AGM. With regards to employee development, feedback has led to reinvestment in our performance management approach utilising technology, and the implementation of "My Path", bringing all our employee learning offerings into one site to enable employees to easily find technical and non-technical content and connect with subject matter experts from across Wood.

Board engagement with leaders and high potential employees
The Board holds lunches and dinners with members of the wider leadership team, beyond ELT level, as well as with high potential employees, wherever possible. 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. A particular highlight in 2022 was two informal gatherings in Houston, involving local leaders, those attending a leadership development programme, and those identified on succession plans. Board members enjoyed meeting with and learning from all those in attendance.

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.

Our investors are concerned about strategy, operational and financial performance, capital allocation, our sustainability strategy and compliance with laws and regulations.

By providing updates on our strategy and performance we can aid investor understanding, and through regular interaction we gain an insight into their priorities. The Company's long-term success is also dependent on its good relationship with its lenders and their continued willingness to lend.

How we engage

We have an active investor relations programme led by the Chief Executive Officer, Chief Financial Officer and the Investor Relations team. Our main engagement activities include:

- Publication and presentation of financial results
- Capital Markets Days
- Investor briefings and presentations
- Investor roadshows around financial results
- Investor meetings throughout the year
- Obtaining feedback from investors regularly, both directly and through brokers
- Meetings with the Chair of the Board
- Meetings with Chairs of the Committees of the Board

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

Areas of engagement and outcomes

In addition to routine engagement on financial performance, strategy delivery and governance, we undertook engagement on certain specific matters in 2022 as outlined below.

Investor Perception Survey
2022 saw a period of significant change for the Company and the Board concluded it would be prudent to gauge the standing of Wood and its stakeholders' expectations by engaging an external party to conduct an Investor Perception Study in order to gain feedback on a confidential basis. The study was carried out during July 2022 with engagement with 13 investors representing c.37% of share capital and two sell-side analysts.

Feedback was sought in areas such as: strategy; business; financial position; board and management; ESG; and valuation.

The Board appreciated the constructive comments from participants. The feedback from this study was used by the Company in considering strategy, capital allocation and communication.

Capital Markets Day
A Capital Markets Day event was held in London during November 2022 which saw the launch of our new strategy to the investor community.

As part of this event, we set out our three-year strategic plan together with the exciting opportunities in front of us across the energy and materials markets. We also provided an update on our FY22 trading performance and set out our medium-term financial targets. We provided clarity on our strategic direction and how our focus on execution and delivering on our three strategy pillars of Inspired Culture, Performance Excellence and Profitable Growth will build a more focused and sustainable business for shareholders.

Stakeholder engagement continued

Clients

Growing our business and capturing a larger share of our clients' spend starts with really understanding our clients.

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.

Our clients require an innovative and flexible partner who can innovate with sustainable solutions, so helping them to achieve their own sustainability targets.

How we engage

One of the keys to our success is building strong, successful client relationships to help us understand our clients better and then differentiate ourselves to win more work, at higher margins. Client engagements are managed through our structured Client Management Framework by dedicated account managers who are focused on developing and growing our relationships with all our clients with specific account planning and objectives as well as established growth targets. Consistent with our overall Client Management Framework, all business units also have their own service line/sector account management programmes.

Senior leadership meetings, annual sponsor meetings and other key connections with clients were conducted in 2022 both virtually and in person, where it was possible to do so safely.

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
- Utilising client feedback to support business growth and drive continuous improvement in our delivery

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, future client activity, exploring opportunities to jointly raise delivery outcomes and co-create value-added solutions. These engagements are an opportunity for Wood to listen to clients and vice versa 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.

Wood engages with clients as a digital partner to deliver consistency across all projects. We leverage our strong partnership networks with Honeywell, Microsoft, AVEVA, Hexagon, Aspentec, Bentley and Cognite to provide a wide range of intelligent solutions and digital enablement spanning full asset lifecycle, working to optimise asset performance.

Wood is co-developing our digital twin offering with some of our key clients across the world and as a strategic partner, we utilise our domain expertise to build a true digital asset designed and developed with the end-user in mind. We are working with Microsoft on a solution to create the de facto global industry standard for emissions monitoring and developing a digital twin solution for renewable energy to enhance asset efficiency and optimise yields while minimising total expenditure.

Community

Building strong and lasting relationships, we seek to remain a trusted partner in our shared communities. Contributing to the social fabric of the locations we live, work and impact helps to deliver sustainable value against a common goal and ambition to improve lives.

Guided by our values, our commitment to understand, engage and evolve as a community partner is embedded in the culture we seek to inspire.

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 2022, as Team Wood we contributed $1,782,402 to good causes in our communities, through collective donations of time, money and resource.

We continued to celebrate employee fundraising through our employee matched funding scheme, supporting over 60 charitable or not profit organisations closest to the hearts of our employees.

Demonstrating support for our Global Cause, currently education as chosen by our employees, we achieved just over 15% of our goal to raise $10 million by 2030. This includes the outcome of our annual global challenge each year. In 2022, we donated over $240,000 towards a further 18 employee driven initiatives. The global challenge has supported over 90 employee chosen organisations to date, seeking to break down the barriers to education and deliver quality education for all. Through our strategic focus, we have developed a range of partnerships with organisations around the globe, including:

- 4-year partnership with The Prince's Trust supporting disadvantaged young people in the UK
- Supporting indigenous students in Canada with a three-year bursary scheme in partnership with the charity Indspire
- Promoting STEM careers among young girls in America as part of our ongoing support for the non-profit organisation Society of Women Engineers Detroit
- Tackling inequality and the basic right to education in Africa through the charity The Bouncing Ball Trust (TBBT)

Further details on the outcome of community activities are on page 66

Environment

During 2022 the Intergovernmental Panel on Climate Change published alarming findings concerning the erosion of the planet's ecosystems due to the impact of rapid climate change. It sounded an alarm which humanity in every community in every part of the world must heed. We understand we have a role to play in adapting the world to a new future, decarbonising a secure energy future and nurturing an environment that can support life on earth. Failure is not an option; our next generation is relying on us to be those change makers. This is not a journey we take on our own engagement and co-ordinated action is key, in what we do and how we do it.

How we engage

Wood has a complex network of different stakeholders spanning continents, intergovernmental to local neighbourhoods where we work. Our engagement strategies and methods reflect our stakeholder universe enabling Wood to open opportunities, differentiate the Company and manage risk giving confidence to our many stakeholders of our ability to manage, mitigate and eliminate risk. Engagement is built into our business management system including environmental management systems. Our processes include:

- Relationship management – including direct engagement e.g. clients, regulators, neighbours
- Partnerships and collaborations – often utilise for innovation development
- Participation in forums, conferences – listening, sharing and trading ideas
- Exhibitions – showcasing environmental technology and innovation
- Social media – sharing content via podcasts, papers through webinars and social media
- Disclosure platforms – including Carbon Disclosure Project and EcoVadis

Areas of engagement and outcomes

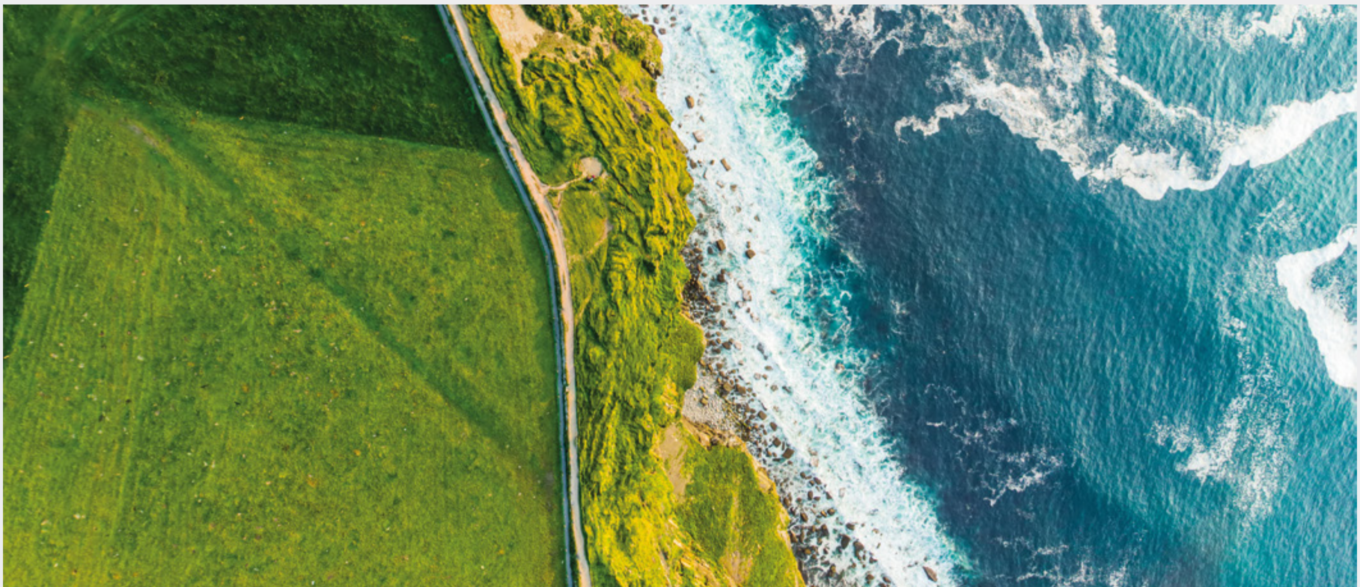
During 2022, we continued to engage our stakeholders on a broad range of issues including decarbonisation, the wider energy transition agenda and energy security. Below are a number of examples of our engagement and outcomes across the year spanning global to local issues:

- Partner with C-Capture to demonstrate feasibility of next generation, low-cost carbon capture solutions in hard-to-decarbonise industries (read more here: **woodplc.com/C-Capture**)
- Collaborating with CuanTec Ltd., a Scottish circular economy business, to develop cutting-edge separation facilities to process shellfish waste extracting chitin, a naturally occurring, 100% compostable biopolymer with a wide range of applications in the pharmaceutical, cosmetics and food industries (read more here: **woodplc.com/cuantec**)
- Wood participated in the Energy Chamber of Trinidad and Tobago's Energy Conference speaking on the energy transition and drivers for business strategy
- 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
- As part of our environmental management, we continue to hold regulatory engagement across the business, from commenting on draft environmental legislation to tactical discussions on projects such as Wood's engagement with the US Environmental Protection Agency on the management clean-up of historic contaminated land
- Wood participation at ADIPEC gave a great platform to discuss various elements of the decarbonisation innovation with clients and peers, we also used podcasts to carry the engagements to a wider audience

Further information on our environmental approach, performance and ongoing strategy is contained in our annual Sustainability Hub which is available at: **woodplc.com/company/sustainability**

Read more on our sustainability targets on pages 20 and 21

Read more on our approach to environmental management on page 50



Stakeholder engagement continued

Suppliers

As we continue to deliver our new strategy, one of our key pillars – Inspired Culture – is something we want to help share with our wider supply chain. 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.

It's important that our suppliers share our vision and adopt similar goals in relation to our Sustainability and ESG targets.

Our Supply Chain Code of Conduct (SC CoC) is our main document which conveys our expectations and includes areas like HSSES, Ethics & Legal and Human Rights & Labour Standards. As part of our onboarding process, we request that all our suppliers have read, understood and will work in line with the requirements in our SC CoC.

How we engage

Relationships with suppliers are developed at all levels within the organisation through daily business activities and regular meetings.

Wood undertakes Supplier Relationship Management (SRM) with key vendors at an enterprise level developed through a Category Management tiering structure to strengthen the joint benefits of a strong relationship for ultimate delivery to our end client, with a focus on expanding this towards a broader base across our supplier tiering.

Our Approved Supplier Register (ASR) ensures that all suppliers utilised by Wood have achieved the minimum level of approval appropriate for the nature of materials and services supplied. This covers our key risk areas – HSSES, Quality, Ethics & Compliance, Modern Slavery and Data Privacy. In addition, the ASR demonstrates that the Company is actively managing its suppliers and ensures compliance to industry best practice and management system certification.

In 2022 we have developed our Supply Hub (located on our website) which is a platform for our suppliers to learn more about Wood. The hub contains key policies and documents, reinforces our supplier expectations, and also contains training modules. Training completion is tracked and helps us demonstrate that we are aligned with our suppliers as well as helping to increase knowledge and awareness on some of our key focus areas. Content will continue to be updated and added to over the coming months.

Wood also engages with suppliers to ensure key ESG and Sustainability Scope 3 requirements are assessed, measured and improved such as Modern Slavery, Carbon Reduction, Anti-Bribery and Corruption and Building Responsibly Principles.

Areas of engagement and outcomes

Wood endeavours to build strong and lasting relationships with our suppliers, with a clear vision of working together to ensure Wood's client deliverables are successfully achieved.

We review several KPIs/performance measures (e.g., Health, Safety, Security & Environment & Sustainability (HSSES) incidents, quality, delivery, spend, ESG and Sustainability) as well as utilising due diligence to identify risks and work with our suppliers to close any gaps to help us align to the Wood strategy. The following initiatives have been delivered and demonstrate how Wood works with our suppliers to enhance Wood's capability and delivery:

- **Category Management Capability** – A central repository has been built to manage and govern all Wood contractual relationships, strengthening our growing Category Management capability through a tiered approach.
- **Modern Slavery** – New process, watchlist, due diligence and escalation route established for working with suppliers who take appropriate steps to eradicate slavery, human trafficking and forced labour in their operations and respective supply chains.
- **Anti-Bribery and Corruption (ABAC)** – Supporting the delivery of the Wood ABAC improvement plan to reduce risk and ensure governance in place across supplier onboarding and existing supplier base through due diligence. Wood only works with suppliers who conduct their business in an ethical and lawful manner, and who do not engage in any form of bribery or corruption. We have developed a tiered approach which allows us to focus on areas of higher risk, using the Corruption Perception Index to target the level of due diligence we carry out.
- **No PO No Payment** – Implementation of our 'No PO, No Pay' policy to ensure we work with our suppliers through signed purchase order authorisation including agreed terms and conditions. This helps us protect our suppliers, ensuring we have appropriate controls in place and agreed terms and conditions, avoiding any potential issues during or after delivery of goods or services.
- **Carbon Reduction** – Deployment of external carbon training to our tier 1 suppliers including the development of a Carbon Reduction process and data questionnaire. This helps engage our suppliers in one of our priority areas and helps us manage our Scope 3 reporting requirements and ultimately deliver our goal – reducing carbon emissions by 40% by 2030.
- **Supplier Financial Health** – Deployment of a process which assesses the financial capability of suppliers. This allows us to monitor our supply chain and ensure we adopt appropriate payment terms or milestone payments.
- **Building Responsibly** – Deployment of a Building Responsibly Principles (BRP) process and due diligence questionnaires issued to labour provider suppliers to establish a protocol to validate that the supplier has met these requirements. BRP delivers a global standard on worker welfare, and we have targeted our entire supply chain to ensure they have similar standards in place by 2030. Creating training modules helps our suppliers, particularly small & medium enterprises understand why it's important to Wood and suggests some steps they can take to improve worker welfare.
- **ISO20400 Sustainable Procurement** – Creating a more sustainable supply chain is a focus area for Wood. Late in 2022, we kicked off a gap analysis against the ISO 20:400 Sustainable Procurement Guideline. The outcome of this will form an action plan which will help us embed sustainable requirements through our Source to Contract and Purchase to Pay processes. Our suppliers will be fundamental to delivering these improvements and we will engage through our SRM programme, our Supplier Hub and regular tendering activities to ensure alignment and support are in place for this objective.
- **Real Estate Services** – Wood has undertaken a strong global focus on Portfolio Rationalisation and Sustainable Workplace initiatives. Utilising our increased remote working following Board approval of the Flexible Working Policy and through the Workplace Design and Sustainability Standard, the portfolio has been reduced by 2.2 million square feet. This is down from 7 million square feet in December 2021 to 4.8 million square feet in December 2022 which increasingly offsets our carbon footprint. These figures demonstrate to our supply base our drive towards achieving our carbon neutral targets that both Wood and our suppliers recognise a shared importance to achieve.

Retirement plans: current and deferred workforce and pensioners

We are committed to offering our workforce suitable retirement plans, where appropriate. We engage with those who are currently employed to enable them to understand the range of offering and make the right choices; and for pensioners, or those with deferred pensions, we provide ongoing support and administration either through our in-house administration team, as in the UK, or via dedicated external vendors.

In the UK, the Trustee of the pension plan is responsible for engagement with members. In the US and Canada, the Benefits Committee is responsible for engagement with members through the centralised benefits team. In Australia, the Policy Committee sets the engagement strategy with help from its advisers.

How we engage

In the UK, US, Canada and Australia we proactively engage with new employees at the point of hire, detailing the retirement savings options available to them. Engagement is proactive via dedicated portals and onboarding processes.

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 Trustees are responsible for detailed communications with their members and collaborates with the Company to ensure communications are appropriate and relevant. During 2022 the UK pensions administration team undertook additional engagement activities with members including the roll-out of the enhanced retirement website and implementing a new app to provide greater access to information and pension fund access. The annual survey to all defined contribution members was carried out, with feedback used to inform Trustee decisions. As a result, a signposted drawdown option was implemented in June giving members more flexibility over how and when they receive their pension (members keep their pension savings invested when reaching retirement and 'drawdown' funds to their pension pot as and when required).

Our 401k Committees meet quarterly in the US and Canada to fulfil all fiduciary requirements and we proactively engage with employees along all phases of their retirement journey. In 2022 we continued to leverage 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 topic.

The Company is responsible for engaging with the 401k Committees and UK Trustees on Company matters which may impact the retirement plans e.g. financial performance, ESG reporting requirements and structural changes.

The Australian Policy Committee meets annually and is comprised of members, management, and advisers. It provides an opportunity to ensure member views are listened to and matters such as performance, fees, insurance claims, and any developments in the fund that may need highlighting can be discussed with the advisers.

Areas of engagement and outcomes

Issues raised by the Trustee and Committees are carefully considered by the ELT and referred to the Board as appropriate. This ensures better understanding and alignment of Company and Trustee/Committee objectives. The Trustee and Committees are proactively updated by Wood on Company performance.

During 2022 members of management and the Chair received communications from UK based pensioners, who are former Foster Wheeler Pension Plan members, who have formed a group called FosPen. These pensioners are from a group of approximately 2,000 pensioners who do not receive a contractual annual pension increase on an element of their pension, and therefore the impact of inflation is eroding their benefit more significantly. In addition to direct communications to Wood, FosPen asked its members to write to their MP highlighting their case, and Wood received circa 25 letters from various MPs asking them to respond to the points being made by these pensioners.

Key messages provided to MPs in response were:

- Pensioners are being treated in accordance with the design of this element of the Plan, which does not require pension increases to be applied to pension accrued pre-5 April 1997, as detailed in the Trust deed and Rules.
- The Trustees and Company will look at their complete long-term funding plan and understand how guaranteed and discretionary pension increases fit within it and make decisions accordingly.

In terms of the overall funding of the Plan, Wood made a £8 million contribution to the Plan in 2021 and 2022 to help achieve the Trustee's technical provisions funding goal of gilts plus 0.5%. In addition to this, as part of the 2020 valuation, Wood and the Trustees agreed to additional funding triggers, designed to ensure that existing benefits are secure. In June and December 2021, and June 2022, one of these triggers was activated and a further £36 million was paid to the Plan by Wood.

The current funding position of the Plan, on a technical provisions basis was 102% (at 30 September 2022); on a gilts flat basis the funding was 93.2%. In 2023 the Plan will be subject to the tri-annual evaluation process, which is a further opportunity for the Trustees and Company to consider whether to apply discretion to any pensions accrued pre-5 April 1997 as part of the endgame considerations.

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 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 of how we establish and define our key stakeholders groups see pages 38 to 43

Delay to publication of 2021 Annual Report and Accounts

In February 2022 following a review of the carrying value of contracts as part of its year-end processes, an exceptional charge of c. $100 million was expected in respect of the legacy Amec Foster Wheeler project, Aegis Poland, to reflect management's latest estimate of the expected loss at completion.

This legacy project involved the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers. The original contract for this project was signed in 2016 and is a fixed price EPC contract.

The Board concluded that in order to finalise the Company's reported results and to conclude the year-end audit process with the Company's auditor, an external investigation and review should be undertaken, principally in relation to the historical carrying value of the Aegis Poland project contract. This work supplemented an internal review initiated following concerns raised internally in relation to that project. The Board concluded that the additional investigation and review necessitated a delay to the announcement of Wood's full year 2021 results, previously scheduled for 8 March 2022. The full year 2021 results were announced on 20 April 2022.

In taking this decision the Board focused on the expectations of investors, lenders and wider stakeholders and had regard to the interests of:

- investors and lenders and their expectation of complete and fair financial reporting and for the Company to safeguard their interests
- employees, keeping them informed of significant financial events affecting the business
- suppliers and clients and their assumption that the Company has sound financial management

Actions supported by the Board

The strategic actions supported by the Board to generate value for stakeholders were:

- appointment of a committee of non-executive directors to oversee the investigation, including a comprehensive investigation into concerns raised internally
- discussion with brokers and advisors concerning governance issues arising from the delay to publication of results
- a review of various aspects of governance and the control environment and identifying any improvements, taking account of the views of the auditors as well as the executive and non-executive directors

Outcomes

By implementing these strategic actions, the Company achieved the following outcomes:

- publication of our 2022 results within the timeframes and deadlines required by the Financial Conduct Authority
- utilised "hindsight" learnings from the investigation
- realignment of the Board sub-committee structures

Sale of Built Environment Consulting

Built Environment Consulting, the part of the consulting business facing the built environment end market, provided consulting and engineering solutions that addressed environmental risks, increased climate resilience, helped to build more sustainable infrastructure and improved mobility. It operated across government, transportation, water, industrial, energy and mining markets and had a track record of attractive growth and resilient performance.

In November 2021, the Board initiated a strategic review of Built Environment Consulting. The review considered a range of options to best unlock the value for stakeholders, which the Board considered was not reflected in the Company's market capitalisation. While Built Environment Consulting has leading positions in sustainable infrastructure markets, it had limited synergy opportunities with Wood's Projects and Operations business units and with the Group as a whole.

After detailed consideration of the options, in January 2022 the Board announced that it had concluded that a full sale process for Built Environment Consulting was the best option to deliver long-term value for stakeholders and would strengthen the balance sheet. A comprehensive and competitive sales process was conducted, which included discussions with a large number of potential buyers and in June 2022 the Board announced it had agreed a sale to WSP Global Inc. for an enterprise value of $1.81 billion.

In taking this decision the Board was focused on delivering value for all of Wood's stakeholders and had regard to the interests of:

- investors – ensuring the financial flexibility of the Group and receiving an attractive valuation for part of the Group
- employees and their expectation the purchaser was committed to investing in the business and its infrastructure and the sale was in the best interests of the business
- lenders through strengthening our balance sheet

Strategic actions supported by the Board

The strategic actions supported by the Board to generate value for stakeholders were:

- a comprehensive and competitive sales process resulting in a valuation appropriately reflecting the long-term strategic value of Built Environment Consulting
- selection of a purchaser demonstrating a culture of innovation, integrity and inclusion
- agreeing lender consent for the sale
- considering the plan for the use of proceeds and interrelation with the development of the continuing Group strategy

Outcomes

By implementing these strategic actions, the Company achieved a reduction in the Group's net debt strengthening our balance sheet and providing financial flexibility.

Appointment of Chief Executive Officer

In April 2022 Robin Watson advised the Board of his intention to retire as Chief Executive Officer. Robin joined the business in 2010 and was appointed to the Board in 2013 as CEO of Wood's PSN division. He was appointed Chief Executive Officer in 2016. The sale of the Built Environment Consulting business marked the start of the next strategic phase for Wood and Robin considered it an appropriate time to retire as Chief Executive Officer.

The Company has a well-established succession plan which considers internal high potential employees as well as external candidates. This plan is regularly refreshed and informed the process to search for and appoint a new CEO resulting in an extensive selection process that considered both internal and external candidates. In June 2022 it was announced that Ken Gilmartin, who was then the Chief Operating Officer of the Company, would be appointed as Chief Executive Officer with effective from 1 July 2022.

In taking this decision the Board was focused on delivering value for all of Wood's stakeholders and had regard to the interests of the Company as a whole, ensuring the successful candidate had the necessary industry experience and strategic and leadership skills. The Board also had regard to the interests of:

- employees, clients and suppliers, and ensuring the Company is well managed, minimising disruption and uncertainty
- lenders and their expectation of an appointee with sufficient knowledge and understanding of the markets and the drive to lead the development of Wood's future strategy
- investors by maintaining their confidence through a period of change

Our principal decisions continued

Strategic actions supported by the Board

The strategic actions supported by the Board to generate value for stakeholders were:

- a clear understanding of the current and future requirements of Wood
- examination of the succession plan and diverse pipeline of potential candidates leading to a comprehensive internal and external search for suitable candidates
- scrutiny of the candidates identified against the CEO Success Profile
- ensuring timely communication to stakeholders throughout the business
- a period during which Robin would contribute in an advisory role to support Ken to achieve smooth transition

Outcomes

By implementing these strategic actions, the Company achieved, or aims to achieve, the following outcomes:

- a Chief Executive Officer with the combination of skills and experience to lead the business through its next strategic phase
- leadership with clarity, structure and focus, and a strong client-centric mindset
- an orderly transition with a constructive and professional handover
- 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

Strategy review

The Board recognised the sale of the Built Environment Consulting business would necessitate a "go forward" strategy review, building on our vision and values. The review defined and clarified the Company's purpose and strategic framework with an emphasis on energy security, energy transition and resourcing net zero. The Board received regular updates of the review as a standing agenda item during the year, allowing them to debate and align the path forward.

In taking this decision the Board was focused on re-positioning the Group following the Built Environment Consulting business sale, thereby delivering value for all of Wood's stakeholders and had regard to the interests of:

- employees, so they were aware of the Company's purpose and direction
- investors, to return to delivering shareholder value
- lenders, by demonstrating the Company has a sound business and financial strategy
- society and their expectation for companies to have a plan with regard to climate change and global sustainable development
- clients and suppliers, supporting their needs during a period of change

Strategic actions supported by the Board

The strategic actions supported by the Board to generate value for stakeholders were:

- setting the terms of reference for the strategic review, focusing on end market orientation and design to drive sustainable growth
- reviewing the Group five-year forecast
- engaging an external consultant to provide independent assessment and validation of assumptions relied upon during the review and to signpost any gaps in the proposed strategy and any changes to the business model which may be required
- establishing the foundations for success: high-performance culture, performance excellence, and profitable growth
- communication of the new strategy to the markets at the November 2022 Capital Markets Day
- a clear narrative on the use of sales proceeds

Outcomes

By implementing these strategic actions, the Company achieved the following outcomes:

- a cohesive strategy with proactive actions
- a re-invigorated three-year strategic plan focused on the energy and materials end markets, enabling the unlocking of value, a financial reset and enhanced investment
- applying the proceeds from the Built Environment Consulting business sale in order to best position the Company for future investment and growth: strengthening our balance sheet and addressing legacy liabilities
- empowering our business leaders to develop and execute the revised strategy and ensuring they are held accountable
- addressing risks to successful implementation, including attraction and retention of talent

Future financing

The Board recognised the Company would need a new forward-looking finance strategy subsequent to the sale of the Built Environment Consulting business and potential future financing structures were reviewed throughout the year. Following presentations and discussions, the Board determined that the key considerations for a future financing strategy should include:

- maintaining liquidity
- minimising future interest charges
- maintaining a diversity of funding
- reviewing and maintaining banking relationships including bonding availability and receivables facilities

In reaching this decision the Board was focused on refreshing the Group finance strategy following the Built Environment Consulting business sale in order to position the Company for future investment and growth and had regard to the interests of:

- lenders, by establishing a sound, forward looking strategy to strengthen our balance sheet
- investors and shareholders, investment and growth to enable resumption of shareholder returns
- clients and suppliers, supporting their confidence in sound financial management
- employees, liquidity to support ongoing business

Strategic actions supported by the Board

The strategic actions supported by the Board to generate value for stakeholders were:

- evaluating all the potential options available, including prevailing debt markets, risk, interest charges and diversity of funding
- reviewing liquidity requirements/refinancing options to provide a liquidity buffer
- engaging with the UK Government backed Transition Export Development Guarantee Facilities (UKEF) with regard to renegotiating UKEF Climate Transition Plan

Outcomes:

By implementing these strategic actions, the Company achieved the following outcomes:

- a re-invigorated, forward looking finance strategy to promote future investment and growth and shareholder returns
- excess cash to be deposited with a range of counterparties
- repay revolving credit facility borrowing while maintaining the full facility
- repayment of other credit facilities to reduce interest costs
- agreeing a revised Climate Transition Plan with UKEF

Sustainability

Creating a better tomorrow

Wood is committed to ensuring sustainability is embedded in our strategy and purpose and is at the heart of all key business decision making.

We strive for an entire organisation engaged in maintaining and strengthening Wood's position as a sustainable organisation, attaining ambitious sustainability goals as well as helping to deliver the sustainability solutions that the world needs.

As a member of the United Nations Global Compact (UNGC), our sustainability strategy is founded on the UNGC's 10 principles. It focuses on contributing to the UN Sustainable Development goals through three pillars of social, environmental and economic impact; more simply referred to as people, planet and profit. Within those three pillars, our strategy focuses on the issues that are most material to our business and our three key stakeholder groups consisting of employees, clients and investors.

Our periodic materiality assessments inform the direction of our sustainability strategy over a three-year period, or where there is significant change in the business, to ensure that our sustainability approach continues to evolve with our business and stakeholder expectations focus. Our current approach is centred around nine key objectives identified through our materiality assessment:

People

Our three aims to improve lives and contribute to social sustainability:

- Ensure the safety, security, health and wellbeing of our people
- Protect, respect and enhance human rights, equality and inclusion
- Contribute to our local communities, actively supporting decent work and opportunity for all

Planet

Our three aims to preserve the environment and contribute to environmental sustainability:

- Fight climate change by decarbonising our own and our clients' carbon footprint
- Protect and preserve the natural environment and promote biodiversity
- Reduce resource consumption and promote the benefits of a circular economy

Profit

Our three aims to deliver sustainable growth and contribute to economic sustainability:

- Ensuring we remain ethical in all that we do by promoting fairness and transparency in business practice and performance disclosure
- Deliver sustainable innovation and solutions through partnership and ingenuity
- Partner with our supply chain to deliver sustainable growth and development

To read more about Wood's current materiality assessment, approach and goals visit:
woodplc.com/sustainability/materiality

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:

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Clients	**40, 94**
Investors & Lenders	**39, 94, 108**
Pensions	**43**
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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	**50-59**
Employees	**60-65**
Human rights	**65**
Social matters	**66-69**
Anti-corruption & anti-bribery	**70-72**

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

In 2022, John Wood Group PLC received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

Our Sustainability Hub

Wood's sustainability hub on our website is designed to connect our stakeholders to key information on the issues material to the long-term success of our business. It is regularly updated, providing timely insight into our sustainability approach, goals and management of ESG risks.

All information related to our sustainability programme, including our most current Sustainability Report is available on our website: **woodplc.com/sustainability**

Task Force on Climate-related Financial Disclosures (TCFD)

We are reporting our compliance reporting with the Task Force on Climate-related Financial Disclosures (TCFD) framework for the second year, building on our prior year disclosures. Given the size and scale of our disclosures, and to provide comprehensive information to our stakeholders in a clear, concise and more accessible format, we have elected to produce a standalone TCFD Report for 2022 on our website:

woodplc.com/sustainability/data-and-reporting

Our disclosures are consistent with the TCFD Recommendations and Recommended Disclosures. We are fully compliant with nine of the 11 recommended disclosures. Below is a summary of the status of our compliance, together with page references to the 2022 TCFD report where the relevant disclosures can be found. In addition, where relevant we provide the expected time horizon to achieve full compliance for any disclosure that we require more time to implement.

	Status	Page
Governance		
Describe the board's oversight of climate-related risks and opportunities	Compliant	03
Describe management's role in assessing and managing climate-related risks and opportunities	Compliant	03
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Compliant	04-05
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Compliant	06-07
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario[1]	Partially compliant	04
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks	Compliant	08-09
Describe the organisation's processes for managing climate-related risks	Compliant	08-09
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Compliant	08-09
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process[2]	Partially compliant	10-11
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Compliant	10-11
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Compliant	10-11

Footnotes:

1. Although qualitative scenario planning has previously been undertaken, to ensure full compliance we intend to refresh our scenario planning in 2023 taking into account climate-related scenarios, specifically including a 2°C or lower scenario and setting out our key assumptions. Our refreshed 2023-2025 strategy rolled out in late 2022 will form the foundation of our scenario planning
2. Consideration around establishing internal carbon prices will follow the completion of the re-baselining of our scope 1 & 2 emissions to reflect the impact of the sale of our Built Environment Consulting business. This re-baselining exercise will be undertaken during 2023. Following the roll-out of our revised strategy in late 2022 an exercise is underway to define our metric for measuring client support aligned to the energy transition which is expected to be completed in 2023

Sustainability continued

Environment

The environmental challenges that the world is facing today, including the impacts of climate change, are as important as ever and at Wood we are committed to responding to those challenges in what we do and how we do it.

We recognise our responsibility to the environment and our stakeholders and seek to eliminate or mitigate environmental risks as well as taking steps to improve our environmental performance. We also took steps to refine our strategy focusing on growing sustainable materials and decarbonisation revenues through supporting clients with their sustainability journeys.

Our approach

We set a consistent environmental standard and maintain competence on environmental management to ensure we continue to protect the environment around us, retain our licence to operate, and deliver a sustainable business. Strong and consistent environmental management is not only essential to protect our business, but also the people and places where we operate. Our HSSES policy sets out our commitment to the environment and is 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 that our processes are effective and driving continuous improvement in our environmental performance. Our 14001:2015 certification is externally verified by Lloyds Register and covers approximately 30% of our business by headcount. Those areas not covered by our certification must comply with Wood's minimum environmental standards, which although not certified, have been developed to meet the requirements of the ISO 14001:2015 standard.

Our standards have been developed following a comprehensive review of Wood's environmental impacts, commitments and performance, considering environmental best practice, regulatory requirements, environmental incident investigations and learning. Our combined HSSES assurance assessment tool GTRAC is designed to assess compliance with the standards and aid continuous improvement.

Compliance with the standards is mandatory wherever we have operational control, thus creating a consistent approach to environmental management.

As part of our management system improvement project we undertook a complete review of our environmental standards and procedures. Although we had set clear standards, different procedures to meet them had been developed across our diverse business. The review was undertaken to ensure greater consistency in our approach throughout the business and to remove inconsistencies that had arisen from the multiple procedures. Consolidation was achieved through extensive consultation and participation through 'learning teams', with experts in the field and our workforce providing feedback and offering a level of scrutiny across the documents. This enabled us to develop Group-wide consistent ways to manage our environmental risks ensuring our ability to share resources, training and digital systems within the Environmental Management System. This allows us to deploy smarter tools to help protect the planet we share.

Our environmental standards are split into two sections; managing environmental risks and reducing our impact on the environment. Each section is then further sub-divided into key elements.

Managing our environmental risks

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

Environmental management	**Environmental aspects and impacts**	**Spill prevention & response**
Ecology & heritage	**Environmental considerations in design phase**	**Emergency preparedness**
Permissions and licences	**Environmental assessment and management of contaminated site**	

Reducing our impact on the environment

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

Carbon management	**Water and effluent management**	**Pollution prevention**
Waste management	**Nuisance management**	**Energy management**

In late September 2022, Wood completed the sale of its Built Environment Consulting business. It should be noted that the reporting boundaries for the metrics presented in this section include data from that business up to the point of its disposal.

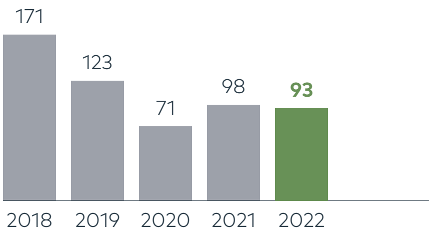
Managing our risks

Environmental performance

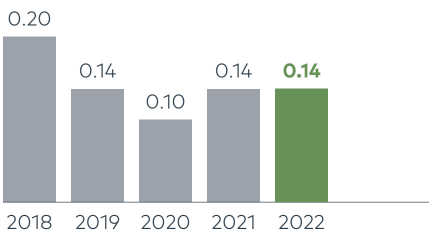
Wood uses environmental data centrally, including incidents, audits and regulatory interactions to monitor performance. Incidents are reported within our in-house incident management and analysis tool (Corporate Analysis Incident Reporting System) and observations through our corporate observation reporting system, Harm Elimination and Recognition Tracker (HEART). To ensure environmental management is addressed at the highest level within the organisation quarterly reports are provided to senior leadership and the Board. Any incidents deemed as having high level potential consequences are notified to the management team through a first alert process and subject to an in-depth investigation. All significant incidents are robustly investigated, and corrective and preventative actions plans are established dependant on the identified root causes.

93 environmental incidents were reported in 2022, all rated as having a low actual impact and all but four were recorded as having a medium potential impact. Our environmental frequency rate in 2022 was in line with the prior year reflecting a consistent level of focus on environmental management. Wood had zero environmental prosecutions in 2022.

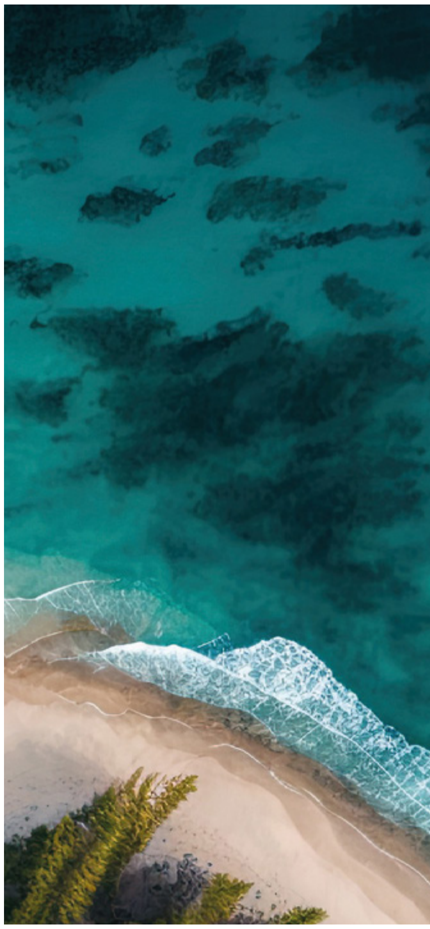
Number of environmental incidents



Environmental incident frequency rate
per 200,000 work hours



Consistent with 2021, the most common cause of environmental incidents reported was due to failure of operating equipment or machinery (40%) with hydraulic oil being the most common cause of contamination. We have seen an increase in hose failures in 2022 in some parts of the business driven by an increase in site activity. During the Covid-19 pandemic in 2020 and 2021, Wood scaled down its operations at sites to enact social distancing rules. Since the easing of these rules site activity has increased resulting in a corresponding increase in hydraulic hose failure incidents. These areas will be a focus of 2023, where we will be providing additional training in spill management, prevention and control to our frontline personnel.



Sustainability continued

Reducing our impact

In line with our HSSES policy we are committed to continuous improvement of our environmental management performance. We look at ways of mitigating our environmental impact and use of resources across our operations. By doing this we contribute to the protection of our shared environment and ecosystems.

Plastic elimination

We are committed to eliminating single use plastics (SUP) from all our offices by 2025. We launched our plastic elimination strategy in 2020 which provides a roadmap on how we will achieve our goal.

In 2021, 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 baseline. The key spend categories and overall spend for SUP was identified; however, this data lacked clarity and the team were unable to present the footprint as a weight or spend per unit item. Following the complexities encountered, an alternative method of benchmarking the Company's SUP usage across our offices was adopted using our SUP Data Collection Tool to help assess each Wood owned or leased office location.

We have aligned our definition of single use plastic using guidance from the European Union Directive 2019/904 for the reduction of the impact of certain plastic products on the environment. Upon completion of the SUP assessment, each site location is assigned a 'star rating' to reflect its SUP status as per the below criteria.

- Gold – Direct and Indirect (Contractual Control) purchases eliminated
- Silver – Direct or Indirect (Contractual Control) purchases eliminated
- Bronze – Location assessed only. No action yet taken
- No star – Location not yet assessed

By presenting SUP elimination by location in this way, it provides a simple and tangible method to report progress to senior management.

25%

offices completed SUP assessment

7%

offices plastic free

We are rolling out the alternative benchmarking process and we know we are making positive strides towards the goal, having already achieved SUP-free status in a number of our offices. However, challenges remain in many locations particularly around procurement of sustainable alternatives. To address these challenges together, a 'plastic alternative database' has been launched providing replacement products options and local sustainable suppliers for those offices that are finding challenges in sourcing sustainable alternatives.

Work has also been undertaken to improve the governance, with the plastic elimination methodology being incorporated within the global Waste Management Standard. Inclusion of this within our Business Management System will ensure that the business is fully advised on the requirement and method on how we aim to reach our goal.

Our plastic working group continues to be the driving force behind how we are delivering our goal by achieving the following activities in 2022:

- Successful migration to the new benchmarking method;
- Deployment of a digitised platform for assurance action tracking, giving greater visibility of progress across the business and;
- Development and implementation of a SUP Guidance Bundle, assisting our personnel on their plastic elimination journey.

As we move into 2023, the plastic working group will focus on completing all benchmarking assessments across our portfolio and move onto the next phase of location specific elimination plans. Reducing waste is vital to conserve the world's resources but this also allows us to reduce our carbon and material footprint by using less.

Providing a solution to re-use end-of-life plastic waste

OMV, the international, integrated oil, gas and chemicals company headquartered in Vienna, and Wood, signed a Memorandum of Understanding (MoU) to enter into a mutually exclusive collaboration agreement for the commercial licensing of OMV's proprietary ReOil® technology.

ReOil® is a patented chemical recycling technology developed by OMV, which converts end-of-life plastic waste into pyrolysis oil, a valuable resource. These end-of-life plastics are not suitable to be mechanically recycled and would otherwise be landfilled or sent to waste incineration. OMV and Wood intend to bring the ReOil® technology to the market together and explore the potential to integrate some of Wood's other complementary technologies. The companies will do so by establishing a joint 'technology and engineering delivery team', which will support clients through the whole process of adopting and successfully implementing the technology at their sites – ReOil® licences will be provided with full asset lifecycle support.

This collaboration with OMV is providing a solution that addresses a tangible need facing industrial sectors today. This technology allows end-of-life plastic waste to be re-used and is a great example of how circular economy principles can help to create value and deliver a more sustainable future. Wood is delighted to work with OMV in supporting the licensing of this technology.

Protecting our biodiversity

Biodiversity loss is moving up the sustainability agenda; from a periphery issue to being a far more material issue for businesses and at Wood we recognise this. Although Wood does not currently have a defined biodiversity goal, our 2022 materiality assessment highlighted the growing importance of it to our business and stakeholders and as such it is an area we continue to monitor.

Wood's Environmental Standards set the minimum requirements for our business in areas we deem to have environmental responsibility. We mandate all our operational assets to meet Group-wide minimum requirements that include our approach to:

- Habitat Protection
- Environmental Studies
- Protected/Sensitive Environments
- Invasive Species
- Mitigation Plans

Our project sites are required to include land and biodiversity aspects and impacts, as part of environmental assessments in compliance with our mandatory standards. To support implementation, Wood's Environmental Standards Self-Assessment Tool is designed to aid compliance with the Group-wide standards, assessing against a maturity scale designed to drive continuous improvement. We are beginning to explore how we can more meaningfully measure and address biodiversity issues and how we can counter biodiversity loss across our operations.

Carbon reduction

Global temperatures have risen 1.1°C and are heading towards 1.5°C, according to the UN's climate scientists, the Intergovernmental Panel on Climate Change (IPCC). The science shows clearly that the window for action on climate is closing rapidly and we remain focused on managing the impacts of our business through our carbon reduction strategy.

To measure our progress and to ensure accountability, in 2020 our Board endorsed the carbon reduction target of reducing our global scope 1 & 2 emissions by 40% by 2030, on our journey to net zero. Our target is developed in line with the requirements detailed by the Science Based Target initiative (SBTi) which aligns corporate targets to the goals of the Paris Agreement, limiting temperature rise to well below 2°C and 1.5°C scenarios.

Oversight for performance is provided by the Board and ELT who receive updates on our carbon reduction progress on a regular basis to ensure we remain on course towards our goal.

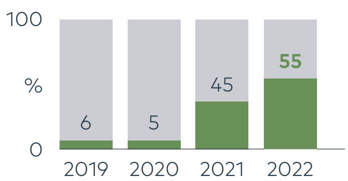
Whilst we report both location and market-based emissions, progress towards our reduction targets are tracked against market-based emissions. This approach was employed to establish our 2019 baseline of 173,585 tonnes CO2e and reflects a key element of our carbon reduction strategy which is to transition to procuring electricity solely from renewable sources.

To ensure the accuracy of our carbon data it is externally verified by Carbon Intelligence, an independent third-party climate change consultant, in line with the requirements of ISO 14064-3. Wood's carbon emissions inventory is based on actual data (except for certain scope 3 categories where actual data is currently not available) which generates significant amounts of data points covering our global operations. Our emissions target does not rely on the use of offsets; we are focusing on driving absolute reductions through behavioural change and supporting a transition to low-carbon energy generation.

Our Climate Change Focus Team, made up of key stakeholders from our operations and functions, continues to be the driver behind delivering the action plans that underpin our carbon reduction strategy for achieving our target. During 2022, these action plans were focused on two key areas:

- Renewable energy procurement
- Energy efficiency in our real estate portfolio

Renewable energy procurement
Through the actions of the Climate Change Focus Team, we have continued to make good progress in this area; having completed the 'easy wins' in 2021 we have continued to increase renewable energy procurement in 2022. As shown in the chart below, 55% of our electricity procurement is now from certified renewable sources, compared to 45% in the prior year. We know there is further headroom to improve this figure; throughout 2023 we will be exploring further global options for renewable energy procurement.



Energy efficiency
Last year, as part of a restructure of our Real Estate Services team a new role of Director Global Workplace and Sustainability was created, the core objective of the role is to embed sustainable practices throughout our global real estate portfolio. This includes a primary focus on energy efficiency and GHG emissions reduction. Further changes saw the Real Estate management portfolio divided into three geographic regions (Americas, Europe and Asia Pacific/Middle East/Africa). This organisation structure is intended to drive greater control and visibility over the portfolio including cost to deliver our energy efficiency objectives.

In 2022, we have taken steps to drive energy efficiency by rationalising the size of our real estate portfolio and increasing workplace density, which in turn has reduced carbon emissions associated with the operation of our buildings. Of our total scope 1 and 2 emissions reduction in 2022, the rationalisation in our real estate portfolio accounted for approximately 8%. To promote the procurement of more efficient facilities we have developed a Global Workplace Design and Sustainability Guide and Energy Management Standard which is guiding our selection.

We also gained greater control of how we manage our portfolio by expanding our external facilities management contract to include 29 locations throughout the world. This has ensured that we apply enhanced energy efficiency best practices, from initial design to the occupied workplace, throughout the property lifecycle.

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 and during high energy prices can lead to savings. The actions undertaken so far have been relatively low cost, and in many cases are cost neutral.

Sustainability continued

Carbon performance

Total global greenhouse gas (GHG) emissions for Wood for the period 01 October 2021 to 30 September 2022:

60,611 tonnes of CO2e

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

Global GHG emissions and energy use data for period 1 October 2021 to 30 September 2022

	2021-22		2020-21		2019-20		2018-19	
Emissions from:	**Wood UK Emissions**	**Wood Global Emissions**	Wood UK Emissions	Wood Global Emissions	Wood UK Emissions	Wood Global Emissions	Wood UK Emissions	Wood Global Emissions
Activities for which the Company own or control including combustion of fuel & operation of facilities (Scope 1)/tCO2e	**2,969**	**38,049**	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)/tCO2e	**12,467**	**38,504**	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)/tCO2e	**387**	**22,562**	3,927	28,962	16,480	51,424	22,105	95,501
Total gross Scope 1 & Scope 2 emissions (location-based/tCO2e	**15,436**	**76,553**	20,649	91,933	21,913	111,458	38,280	179,587
Total gross Scope 1 & Scope 2 emissions (market-based/tCO2e	**3,356**	**60,611**	7,672	75,629	20,269	109,043	32,279	173,585
Energy consumption used to calculate above emissions (MWh)	**73,200**	**289,639**	91,315	345,537	95,356	408,158	109,862	582,771
Company's chosen intensity ratio: tCO2e (gross Scope 1 + 2) (location-based) / $100,000 revenue	**2.11**	**1.21**	2.70	1.42	2.37	1.48	3.31	1.82
Company's chosen intensity ratio: tCO2e (gross Scope 1 + 2) (market-based) / $100,000 revenue	**0.46**	**0.96**	1.00	1.17	2.20	1.44	2.79	1.76
Total Scope 3 emissions/tCO_2e	**n/a**	**2,251,056**	n/a	1,524,919	–	–	–	–

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.

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. 2021 conversion factors have been utilised throughout the 2022 reporting period.

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

There has been a 20% reduction in absolute scope 1 and 2 emissions (market-based) in 2022. This reduction includes the impact of actions undertaken in line with our carbon reduction strategy such as increasing energy efficiency in our real estate portfolio but is primarily driven by:

- the sale of the Martinez power plant in California that had significant scope 1 & 2 emissions and accounted for all our scope 3 downstream and leased assets
- the impact of reduced activity, particularly in our Projects business unit

During 2022 we have largely transitioned into a post pandemic normal with all global offices reopening and employees encouraged to return to the office with ability to choose flexible and/or hybrid working where in-country legislation and client terms allow. In the future trends in our emissions data will be driven by the carbon reduction strategy as opposed to the effects of the pandemic. To date we have achieved a 65% reduction from our 2019 baseline, compared to our goal of 40% reduction in scope 1 and 2 emissions by 2030. This reduction has been achieved without the use of carbon offsets. However, as we move into a growth phase this reduction in scope 1 emissions will potentially reverse to a certain extent as greater activity at project site level and direct fuel use in travel will increase.

Our carbon data is collated and managed within a carbon management software, provided by Sphera. Conducting internal verification checks has continued to advance our data accuracy and we now have established improved data processes including more in-depth verification and validation processes, which includes a bi-annual data check. These internal processes are in addition to the independent, third-party verification of our carbon data.

We recognise that scope 3 forms the largest part of our total emissions. Last year we commenced reporting of scope 3 to provide greater transparency over the drivers of these emissions. This has allowed us to initiate foundations during 2022 that will, in the future, help us to address our scope 3 footprint. As part of these foundations, we conducted in-house online climate change training was provided to our Supply Chain teams and our Tier 1 Suppliers in 2022. The course was designed to inform and build awareness on the need for climate action and where they can play their part. To date, 45% of our Supply Chain colleagues and 82% of our Tier 1 Suppliers have completed the course.

As noted above, the data associated with the Built Environment Consulting business is included in the results for 2022 carbon year. The sale of the business represents a significant change to Wood's carbon emissions profile and, following guidelines set down in the GHG Protocol, has necessitated an exercise to re-baseline Wood's carbon footprint which will be completed in early 2023.

Awareness of global environmental issues

In order to deliver our environmental commitments effectively, it is vital that our employees understand why we care about the environment and why it is important to our business.

Environmental responsibility

At Wood, we believe it is vital that our employees understand our approach to environmental responsibility and their role in making informed decisions in their day-to-day activities. Naturally, risks to the environment – such as pollution incidents – or from the environment – such as flooding – may occur at any stage of our operations. The activities, management structures and permitting involved at each stage demand different approaches. As a result, we have developed an in-house online environmental training package to build competency within our environmental advisors, our leaders, HSSES community and general workforce to ensure that everyone understands where the risks and opportunities arise from each environmental aspect.

During development, extensive consultation across the business was undertaken enabling us to tailor the training content, objectives and set the expectation of this training course. The training was developed in consultation with various stakeholders in the business and is designed to be interactive and to provide real case studies. It is designed for deployment using phones, tablets or computers which provides flexibility in delivery of the course. This training equips employees with a broad environmental awareness, shares best practices, stresses the importance of environmental management. It also highlights the applicable legal requirements and Wood's revised Environmental Management standards. It is designed to inform our people about our environmental performance against our goals and most of all, motivates our employees to address the environmental challenges we are now facing.

The training will be rolled out across the business in 2023. We believe this is an important step to continually develop workforce capability which is fundamental to protecting the environment across our portfolio.

Sustainability continued

Supporting global awareness campaigns

In 2022, we used environmental awareness days as a platform to encourage action and educate our employees on the critical environmental challenges that we are facing. We held our annual Sustainability Week at the end of September 2022 with the theme 'Let's talk about Sustainability' seeking to drive conversation. A suite of 'Sustainability Moments', aligned to the key elements of our sustainability strategy were rolled out to initiate discussions on key topics material to our business. The Sustainability Moments were discussed during team meetings throughout the week, where teams identified local actions to support sustainability and inspire others in their locations. We hope that the campaign motto 'Let's talk about Sustainability' will continue to get people talking and drive local sustainability efforts across the business.

In response to the global focus and challenge on single use plastics, Wood joined the annual global movement 'Plastic Free July' and participated in a '31-day plastic free challenge'. This was an opportunity to inspire our people to consider their everyday plastic usage, sharing options, simple tips and quick ways to make a difference to plastic consumption every day as well in the workplace in July. Changing behaviours takes time, effort and consistency and this campaign confirmed that a section of our employees are eager to learn and understand how they can support plastic reduction. However, this remains a challenge especially post-pandemic which created unforeseen setbacks and challenges in the transition away from single use plastics.

We can better achieve a transformative impact when working together, having the right conversations and sharing best practices on environmental matters across our global business. We have seen increased engagement in our sustainability programme across the business this year, with our 'Sustainability Action Wall' showcasing success stories from individuals and team efforts. In addition, our 'Sustainability Action Tracker' is our global mechanism to share and report local environmental action, driving ongoing momentum in our approach to sustainability.

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

Partnering with students to promote responsible consumption

As part of Wood's 10-year partnership with social mobility charity, Career Ready, four school pupils joined our team in Aberdeen for four weeks to experience life at Wood. During their internship, the pupils led a Plastic Free July initiative to collect litter near our Sir Ian Wood House office.

Our Global Sustainability Manager said: "Our partnership with Career Ready and the Plastic Free July litter pick project led by the interns bring Wood's commitment to the United Nations Sustainable Development Goals to life.

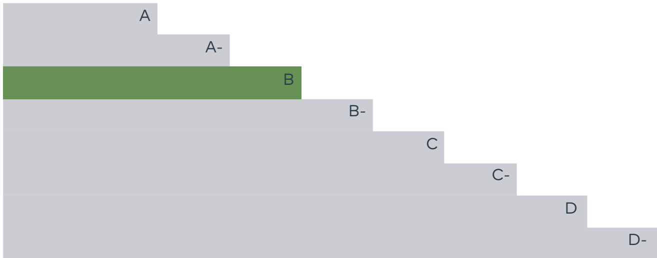
"With education being our chosen Global Cause, our combined focus across Team Wood is to promote learning opportunities that will ensure inclusive and equitable quality education for all. And managing our consumption of natural resources and the influence we have on our clients to promote responsible consumption is a key part of our strategy to reduce our impact on the environment.

"I'm really impressed with how the students tackled the project and the difference which all the volunteers have made to that area is fantastic. In total they collected more than 40 bags of rubbish which have now been disposed of by the City Council."

Our approach to tackling climate change risks and opportunities

To show our ongoing commitment to the global efforts to tackle climate change, we participate in the annual voluntarily Carbon Disclosure Project (CDP) questionnaire. CDP disclosure allows investors and cities to better understand risk, capitalise on opportunities and make investment decisions that drive action toward a more sustainable 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.

In 2022, we submitted our fifth submission to CDP Climate Change as Wood, building upon a long history of participation in the scheme, retaining a disclosure score of 'B' for the third consecutive year.

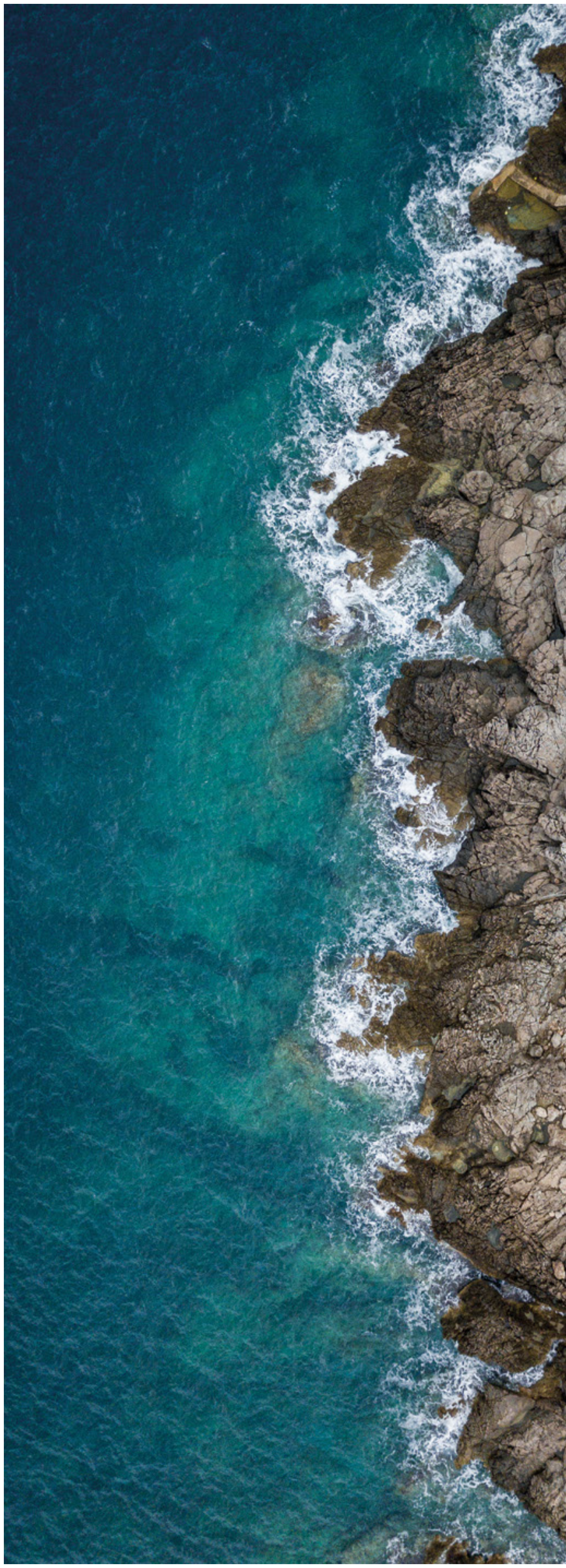


Leadership (A/A-): Implementing current best practices
Management (B/B-): Taking coordinated action on climate issues
Awareness (C/C-): Knowledge of impacts on, and of, climate issues
Disclosure (D/D-): Transparent about climate issues

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

Climate change represents both a risk and an opportunity for Wood. Throughout 2022, climate-related matters including the energy transition and the adaptation towards low-carbon and climate resilient infrastructure were key drivers in our strategic direction during the year. Following the sale in September 2022 of our Built Environment Consulting business that was aligned to built environment markets for the development of sustainable infrastructure, we refreshed our strategy for the 2023-2025 cycle. Our revised strategy is aligned to two broad end markets of Energy and Materials, which are driven by trends in energy transition, energy security, sustainable materials, circular economy and decarbonisation. As such, climate-related matters remain a key driver of opportunities for Wood.

Our process to identify, assess and respond to climate-related risks and opportunities is through our enterprise-wide risk management process for managing principal and emerging risks. 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.



Sustainability continued

We consider the major impacts of climate-related issues to be on our strategy aligned to addressing the energy transition, and therefore feeds into our Strategic Agility principal risk. They are also reflected in our ESG Strategy & Performance principal risk which considers the risks related to the effectiveness of our ESG strategy to address, amongst others, our environmental responsibilities including climate change. Our Project Execution principal risk considers any material climate-related impacts that affect our ability to successfully execute projects safely, to the expected quality, on time and within budget. Localised events arising from physical climate-related risks such as those from abnormal temperatures and weather are reflected in project risk registers, which map back to the Project Execution principal risk at a business group and business unit level, depending on the materiality.

The Board has overall accountability for Wood's climate-related risks and through its oversight for the overarching business strategy, the Board considers climate-related opportunities as well as climate-related impacts on the sustainability of the business model.

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 meet Paris Agreement targets and have continued to assess the risks and opportunities throughout our strategic cycle to 2022. As a result of these assessments, we identified a comprehensive list of risks and opportunities in our climate change risk register. From this list, we identified the climate-related risks and opportunities that are likely to have the most significant potential effects on our business, strategy and financial planning:

Risks

- Undertaking high carbon projects that are inconsistent with Wood's positioning of pivoting to support clients in their pursuit of net-zero and decarbonisation.
- Energy transition and decarbonisation markets do not generate sufficient revenues required to meet targets and/or Wood does not have the ability to attract or retain the appropriately skilled workforce.
- Failure to meet carbon targets through lack of engagement, investment and/or accountability, resulting in Wood being unable to effect behavioural change.
- Increasing carbon management costs, including administrative costs of compliance with current and emerging carbon-related reporting and regulation and increasing carbon taxation.
- Changing precipitation and increasing extreme variability in weather (severe storms, heat, fires) as a result of climate change resulting in disruption to operations and increased insurance costs or reduced access to insurance.

Opportunities

- Increased client scope for energy transition and decarbonisation services. The current global aim of attaining a maximum of 1.5ºC 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.
- Access to competitive lending rates. The increasing adoption of the Principles of Responsible Investment and incorporation of climate change considerations into capital allocation decisions provides an opportunity for the Group 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.

We have established a number of targets to measure our climate-related opportunities and ensure accountability for our climate-related impacts. These targets form part of our wider sustainability strategy and are aligned to the UN Sustainable Development Goals.

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

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

To measure our performance in reducing our own climate impacts we have established two targets. Firstly, to reduce scope 1 and 2 carbon emissions by 40% (compared to 2019) by 2030. Secondly, to reduce consumption of single use plastics by ensuring all Wood offices are single use plastic free by 2025.

Read more on the climate-related aspects of our governance, strategy, risk management and metrics & targets in our 2022 TCFD report: **woodplc.com/tcfd**

Enabling a low-carbon energy future.

The energy systems of the future will include low-carbon solutions including hydrogen, renewables and biofuels.

At Wood, we have identified hydrogen as one of our priority growth markets. We already hold a strong track record in this area – as an example, our proprietary steam methane reformer (SMR) technology has been installed in over 10% of the total hydrogen plant base across the globe.

Within the hydrogen market, we see growing opportunities across the globe – a good example is the work we secured last year with Total Eren to provide conceptual engineering for their H2 Magallanes project, a large-scale green hydrogen production facility in Southern Chile.

Our scope includes the development of a complete off-grid integrated energy complex to produce ammonia from green hydrogen – avoiding up to 5 million tonnes of CO_2 annually. The engineering package also includes up to 10GW of installed wind capacity, 8GW of electrolysis capacity, a desalination plant, an ammonia (NH3) plant, power transmission and backup, and port facilities to transport the green ammonia to national and international markets.

With some of the best solar and wind resources in the world, Chile is among the most promising countries to develop competitive green hydrogen to develop competitive green hydrogen with a target of producing 25GW by 2030.

Decarbonisation solutions for energy and industry

Delivering a lower-carbon future will not only require accelerated investment in clean energy solutions, but also exponential levels of emissions reduction in carbon-intensive sectors.

Decarbonisation is a complex process, but the journey starts with getting a baseline understanding of carbon performance and then developing a detailed roadmap that outlines the best solutions to drive down emissions based on a balance of technical, commercial and practical drivers.

At Wood, we have world-leading expertise in decarbonisation solutions and are actively applying this on a wide range of client projects across the globe.

We see opportunities to reduce emissions in several areas: through the substitution of more sustainable fuels and feedstocks, by capturing carbon, either pre-or post-combustion, by optimising assets and plants to run more efficiently and by reducing emissions leakage.

The breadth of work we are delivering in this space reflects the size of the opportunity – in Norway, we continue to work with Equinor to modify some of their existing assets so they can be powered using offshore wind.

In the US, we are integrating solar-powered renewable energy to support operations on a shale project in the Permian, and we are currently working with a leading energy client on early phase work that could increase global carbon capture and storage (CCS) capacity by 25%.

As well as the decarbonisation specific projects we deliver, in practice a lot of the work we do every day for clients includes an element of reducing the carbon intensity of operations whilst maintaining uptime. Or put simply, maximum energy with minimum emissions.

Sustainability continued

People

People are at the heart of everything we do. Our remarkable people are trusted by clients to design, build and advance the world.

It's our people who find innovative solutions for our clients; it's our people who are unlocking solutions to some of our world's most critical challenges; and, ultimately, it's our people that will differentiate us in a complex, competitive market. Our Inspired Culture strategic pillar is about making Wood a great place to work; prioritising employee wellbeing, doing the right thing, putting sustainability at the heart of our business, and empowering each other – enabling us to perform with passion and purpose to design the future. It is our people who are key to Wood's success and our people strategy is centred around four key themes:

Attract

Wood is a people business; our people are at the heart of all we do and all we aspire to achieve. Our commitment to creating an inspiring culture and performance excellence is a strong employee value proposition which helps create clear career path opportunities for our people. This compelling proposition, focusing on the lived experience of our people, enables our best-in-class resourcing teams to attract the best candidates as they can visualize being a contributor to Wood's Inspired Culture.

In 2022 Wood successfully grew headcount through external recruitment and internal promotion aligned to the growth needs of the business; however, our overall headcount is down due to sale of the built environment business. Our resourcing teams understand the importance to Wood and our customers of fulfilling requirements efficiently and achieved their target of 35 days' average time to offer. Our Wood brand and Employee Value Proposition is strong for attraction of the skilled talent we seek. Our focus on internal redeployment and development provides consistency and skills predictability for our projects. In 2023, we are launching a new "internal marketplace" platform to maxmise the movement of people internally ensuring we have the right skills at the right time ready to deliver to our customers

Our hiring diversity and inclusivity strategies ensure we focus on hiring locally wherever possible, promoting nationalisation in the communities we serve and enhancing our rich culture. We remain committed to being a diverse, inclusive, and equal opportunities employer promoting an environment that is free from all forms of bias. 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. Our people policies and practices, aligned to creating an Inspired Culture, ensure our values are maintained and promote a healthy, caring culture in all our locations.

We provide competitive, fair and transparent terms, conditions, compensation, and benefits to all our workforce globally. In the UK, we were proud to be an accredited **Real Living Wage** employer in November 2021, supporting Aberdeen in its ambition to become a Real Living Wage city. The accreditation process ensures all contracted workers (third-party employees of service providers e.g., security officers, canteen staff and cleaners), are also paid the Real Living Wage. Following the announcement of the 10.1% real living wage increase in September, we will apply this early to our employees impacted, well ahead of the May 2023 deadline. We are also encouraging our third-party suppliers to take the same approach to early adoption ahead of the winter period. In partnership with The Living Wage Foundation, we intend to implement the **Living Hours Standard** in 2023 for Wood employees and seek to understand more about accreditation for our vendors.

Our leaders are provided with **incentive plans** designed to support our growth aspirations and delivery of our strategy, aligned to stakeholders' experience. The wider workforce is invited to participate in the **employee share plan**, which is now offered in 18 countries, providing the opportunity for our people to share in the growth of Wood. **Employee spot bonuses** offer the opportunity to recognize fantastic achievements, with more than 657 employees recognised during the year.

We recognise the need to continue to invest in and retain graduate talent as our future workforce of the future aligned to our strategy and operating model. In 2022 we recruited 664 early career employees, and to support their transition from education to the workplace we delivered a global induction program covering modules on Company strategy, culture and structure, wellbeing, career management and understanding self and others. In 2023 they will move onto a 2-year development program to further enhance skills recognised by the World Economic Forum 'Jobs Reset Summit' as being critical for future workers. This will ensure our graduates have the skills and behaviours required to thrive and develop a long and prosperous career at Wood.

Develop

Development at Wood is a partnership between the employee and their line manager. We enable our people to take the lead in driving their career and support them to reach their full potential, be it now or in the future. Individuals are encouraged to take a blended approach to learning, where much of their development takes place on-the-job. We provide tools and resources to assist employees in understanding potential roles for them at Wood and what can be done to achieve progression. Learning is typically split 70% on the job; 20% interaction with others; and 10% formal learning. A vital element of the ability of an organisation to learn is through the social aspect of it. During the pandemic Wood rightly placed an emphasis on virtual learning, but in 2022, where relevant, we began to bring leaders and employees together in collaborative spaces so that relationships and networks could be strengthened, and higher levels of collaboration encouraged through the learning experience.

Key highlights from 2022:

- **290 professional skills training** sessions delivered to over 14,000 learners across the globe, with the most popular ones relating to emotional intelligence, creative thinking & problem solving, and career development.
- Following on from the 2021 launch of our '**Stepping into Leadership Program**', focusing on leadership skills for those employees who have recently moved or are about to move into their first leadership role, more than 1,000 of our colleagues have now benefited from participating in this program.
- Our '**Leadership Excellence Program**' supporting those at the next tier in our leadership structure, identified as high potential, includes strategic thinking, change agility, digital leadership, and how to become an inspirational leader. In 2022 we developed an advanced module to support the 150 colleagues who have already completed the program.
- '**Leading Beyond**', a program for our most senior leaders, supporting them to inspire others, be inclusive and engaging, unlock growth enablers, transform culture, and accelerate operational excellence in everything we do, has now had over 75 attendees, with the aim of all cohorts being completed in 2023.
- Our strategic ambition is to deliver predictable outcomes, every project, every time, ensuring consistent superior value for our clients. The curiosity to learn, explore and continuously improve is how we will get there, which is where the **Project Management Academy** (PMA) comes into play. Wood's project managers are fundamentally responsible for the performance and outcome of the projects we execute across the globe. Offering a consistent training platform for project managers in our current market and global environment is essential to achieving exceptional execution in our delivery and realising Wood's strategy of performance excellence. The Academy is globally deployed to all project managers and project controllers, with a variety of courses offered every month via live or eLearning platforms with an average of 400+ colleagues participating in each course, and over 10,600 attendees in 2022. Courses covering PM fundamentals, Delivery Excellence, Start Up Practices, Risk Management, Governance & Assurance, Quality Management, Leadership in Technical Safety were delivered during the year.
- Our **mentoring app** continues to gain followers, with 407 mentors and 564 mentees now registered, resulting in over 230 matches. The app enables widespread access to mentoring for our employees and works by providing mentees with a list of suggested mentors based on their profiles. Mentees review the profiles of the suggested mentors and send a request for mentoring directly through the app.
- We are reinvesting in our **performance management** approach and creating a forum for leaders and teams to engage on people and career opportunities with career development being a key focus. This approach will encourage a greater number of conversations during the year, leading to enhanced engagement, feedback and development.
- During 2022 we provided over **5,000 developmental opportunities** involving changes to role and grade for our people, with a further 1,600 developmental roles with no grade change.
- Business units have implemented a substantial number of positive internal role moves and promotions in 2022 at leadership level because of effective succession planning.

- To support our broader ESG focus, we provided carbon training to over 90 of our Tier 1 suppliers and 450 internal supply chain colleagues; more than 300 colleagues and circa 50% of our labour suppliers completed human rights training; and 272 of our team completed sustainability training.
- As detailed in the Ethics and Compliance section of the report, we have carried out significant training for thousands of our employees, including over 4,000 of those based at site.
- To support the mental health of our people we developed awareness training for managers, delivered through e-learning, and hosted live training sessions for employees at site.

The employee engagement survey results, as detailed later in this report, highlight the positive impact our focus on development has for our people. In 2023 we will continue to focus on the development of our teams by bringing all our learning into one site, "My Path", which will enable employees to easily find technical and non-technical content and connect with subject matter experts from across Wood.

Sustainability continued

Engage

In 2022 we have continued to build on our engagement framework, launched in 2021 in response to employee feedback, to ensure our people have a consistent experience in their connections with Wood and its leaders. This minimum engagement standard ensures we are continuously connecting with our people and listening to the heart of our business, and that everyone knows the role they play in creating an inspired culture.

Two employee engagement pulse surveys

Following the full global **employee engagement survey** in October 2021, focus groups were held in Q1 to 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. Remuneration Committee members participated in specific reward focus groups and provided summary updates back to the wider Board. Two pulse surveys were carried out held in May and November, focused on two key engagement questions:

- How likely is it that you would recommend Wood as a place to work?
- How likely is it that you would stay with Wood if you were offered the same job at another organisation?

Approximately 47% of our global population chose to respond to both surveys, with over 70% of professional & technical colleagues participating; we continue to find ways through technology to enhance participation from our site employees. Results continue to be shared with the Board to enable them to continue to measure and monitor the effectiveness of our culture; challenge management on where improvements need to be made; and formulate topics for discussion and deeper feedback with the wider workforce via our Listening Group Networks (LGN). Our employee net promoter score has continued to improve significantly, with key feedback being:

- Wood has great people and is a great place to work. People really appreciate and value their work colleagues.
- Our new leadership and strategy are increasing belief and energy towards a positive future for the organisation
- The hybrid working model, and the approach Wood has shown in encouraging people back to the office have been positively received
- There are great opportunities to develop in role and speak up. Wood invests in development leading to increased loyalty and commitment from people

During 2023 we will conduct another pulse survey, with a full survey expected at the end of the year.

We continue to celebrate success

In the fourth year of our Inspire awards, which recognise outstanding employee contribution across our business, we took the opportunity to refresh the categories and received over 3,500 nominations from all over our global business. Judging panels, comprised of a diverse group of 23 judges, selected winners in the categories of: Engagement Champion; Excellence in Sustainability & Ethics; Exceptional Customer Service; Exceptional Team Performance; Impactful Innovation; and Raising the Shield.

Global townhall meetings

Ken Gilmartin, CEO, implemented **global townhall meetings**, hosted by the Executive Leadership Team (ELT). Open to every employee, these meetings provide an opportunity to understand key updates from across Wood. In October, the ELT congratulated winners of the Inspire Awards, updated on Wood's financial performance, and provided a summary of key work activities within the business units. The December call provided an overview of the strategy, and associated reflections from the Capital Markets Day, along with a look back to key achievements in 2022, and a future focus to 2023.

Leaders Connect

Leaders Connect calls and SharePoint sites have also been established during the year, offering leaders the opportunity for more in-depth discussions on key topics such as retention, safety, financial results, and strategy development.

In November 170 leaders from around the world met in Houston for a **Leadership Conference** to learn more about our new strategy from the ELT and understand their part in delivering it; this was further enhanced by additional leaders joining remotely.

Visiting our people

Thanks to the continued easing of travel restrictions following the pandemic, the ELT have visited many of our people across the world, taking time to listen to their feedback, share the new strategy, and enjoy fellowship.

Shadow Leadership Team

In the EMEA region of the Operations business unit, a **Shadow Leadership Team** was implemented in Q1 to provide a representative perspective of the business to ensure decision making and strategic direction is reflective of the views of our broader organisation, in addition to providing opportunities for on-the-job training and career development for our teams. This has been highly effective, providing greater engagement and bringing employee voice and diversity of thought to the forefront. As a result of this success, all business units will be implementing this initiative in 2023. As a result of this success, all business units will be implementing this initiative in 2023.

Benefits and retirement plans

Engagement with employees about insured benefits and retirement plans, has led to the introduction of more sustainable products such as electric vehicle purchase plans and access to alternative drawdown retirement options in the UK, and improved retirement plans in Australia.

Bonus plan

Supported by Board members, listening to participant feedback on the annual bonus and long-term incentive plans resulted in the implementation of restricted stock units in 2022, and a simplified bonus plan for 2023.

Ethical culture survey

Our legal, ethics and compliance team implemented an ethical culture survey to employees in US and Canada and conducted live learning sessions every month on topics such as conflicts of interest, gifts & hospitality and Speak Up culture, to support our culture of creating an environment where our employees feel empowered to speak up and do the right thing.

Engaging with site employees

Engagement with those employees based at site remains a focus, with Apps and WhatsApp groups being developed to aid this, along with the more traditional methods such as site calls and visits, newsletters, notice boards, townhalls and safety meetings.

Listening Group Network

The Board and ELT hosted five **LGN** calls. Open to all employees, the LGN provides the opportunity for updates from leadership on topics of their choice, as well as ensuring their voices and feedback are heard by members of the Board and ELT, with subsequent actions identified and implemented. These calls remain a fantastic opportunity for members of the Board to gain greater insight into the prevailing culture across Wood and consider any improvement actions. Topics included trading updates; feedback on returning to the office; our response to the crisis in Ukraine; how we connect our people to our strategy; mental health awareness; and Inspire Awards celebration. Before and during the calls there is the opportunity for our people to ask questions, with responses provided either in the moment, or after the call.

Sustainability continued

Retain & sustain

Wood operates in a fast moving and evolving global talent market, impacted by high demand and so in turn retention risks and attraction challenges, and high inflation. Employee retention and remaining an employer of choice is a key priority to ensure we have a talented, agile, and motivated workforce to deliver our strategic objectives and support improved performance for our clients. We also know that we need to continue to reduce inequalities, support all our people, and take steps to shield our lowest paid workers from the impacts of the rising cost of living during this challenging time, and have implemented a number of actions which are detailed in the Workforce reward section of the remuneration report on page 128.

During the year the ELT met weekly to review actions implemented to drive improved employee engagement, resulting in a stronger net promoter score, lower levels of voluntary turnover and create a greater sense of ownership. All these factors will support improved performance both for our clients and in how we run our business.

Our people told us they wanted more career progression, so we have implemented a variety of tools including:

- Regular **career** "**check-ins**" between employees and their line managers
- Sharing of **career stories** from around the business
- Developing clear **career paths** to actively support the development required to move from one role to the next within the project engineering and project management space
- Creating a single point of contact for all technical and non-technical learning, **My Path**. This is designed to connect people so they can learn from and grow with one another; and connect employees to learning content and our internal career marketplace, so they can see what opportunities are available across Wood

Mental Wellness strategy

The health of our team is critical, so we continue to focus on 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 everyone, continues to be embedded across the organisation and is aligned with six strategic themes: leadership, positive culture, prevention, early intervention, support, and mental health crisis management. We remain committed to applying the best available mental health approaches to benefit our Wood community, and now have over 300 trained wellbeing champions across the enterprise. We regularly review and redesign our inclusive benefits programs to focus on the importance of wellbeing and ensure supporting materials and apps are user friendly. Our wellbeing portal, "Living Well at Wood" provides focused tools and resources to support colleagues and their families to make small positive changes to their everyday lives in the areas of physical, emotional, financial, social, career and environmental wellbeing.

Inspired Culture

Our Inspired Culture strategic pillar aims to create the best working environment and establish a culture where employees are highly engaged, respected, feel supported, and where differences are valued. Our diversity and inclusion platforms celebrate the diversity we bring together, with our employee networks being a place where employees can connect, learn, share views, tell us what we are doing well and recommend improvements to make Wood an even better place to work. Key network activities in 2022 are detailed below:

Wellbeing Network: Focusing on recruiting and supporting mental wellbeing champions across the organisation and providing a space for employees to come together to learn, share and collaborate on mental wellbeing dates, events, and general awareness. In 2022, the first co-chairs were recruited, and discussions broadened to include menopause, workplace risk and more. The network has now trained over 300 mental health trained wellbeing champions and seeks to expand this in 2023.

Armed Forces Network (AFN): Sponsored by Jennifer Richmond, Executive President, Strategy and Development, the network has more than 190 members in Australia, Scandinavia, the UK, and US. With a strong set of objectives, the network seeks to support veterans, reservists, and family members, as well as involving allies and supporters.

Plans for 2023 include increased communications of the network and collaboration with other employee networks and skills.

Developing Professional Network (DPN): This community provides a platform for employees to learn more about Wood, their colleagues and themselves. The network promotes the development and connectivity of tomorrow's leaders, while positively contributing to community programs and Wood's culture. DPN is supported by Jim Shaughnessy, President, Conventional Energy Projects, and has launched local chapters in Asia, Europe, with Middle East and US during the year and now has over 700 employees on the Yammer page.

Equal Footing Network: Sponsored by Mike Collins, Executive President of Business Sustainability & Assurance, this network has been shining a spotlight in the areas of perimenopause and menopause; transgender and non-binary inclusion; and working parents.

Race and Ethnicity Network (WREN): WREN continues to be fast-growing and is proud to have more than 650 colleagues participating. It 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 continued to embed a reverse mentoring program, 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 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.

STEAM (science, technology, engineering, arts, and maths) and Education Network: This network seeks to inspire future generations and in 2023, will expand its geographical footprint and collaborate with the DPN.

Pride: Sponsored by our CEO, Ken Gilmartin, this network celebrates and supports the voices, culture, and rights of the LGBTQ community. It seeks to create an environment where people can live proudly as themselves by listening, learning, and speaking out against any inequality among us.

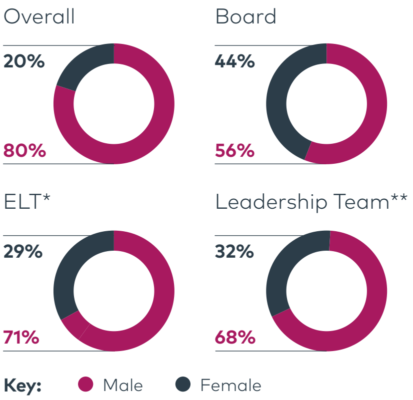
Diversity and inclusion

We commit to driving greater diversity in our business, including 40% females in leadership roles by 2030. This is important as we know that more diverse and inclusive workplaces outperform the competition.

The Board continues to maintain an ongoing focus on diversity and inclusion matters, particularly with regards to the impact on Wood's culture, and to ensure diverse talent is identified for succession and appointed into positions of leadership. On 31 December 2022, we had 32% female leaders, down from 33% in 2021. Unfortunately, the sale of the Built Environment business resulted in a reduction in female leaders, so in 2023 we will renew our focus on developing female P&L leaders across Wood. We will also continue our focus on gender balance for our Early Careers population, with 48% of our intake being female in 2022. The FTSE Women Leaders Review report, measuring female leadership representation in the FTSE 350 for Board, ELT, and direct reports, published in February 2023, showed that Wood has improved, with 44.4% of our Board and 27.3% of the ELT and their direct reports represented by women. At 31 December 2022, we had the following gender diversity across Wood.

Gender pay gap

Gender split at 31 December 2022



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

The 2022 UK gender pay gap, covering five entities and 5,488 employees shows that the overall Wood pay gap reduced to 26.0% from 26.1%, whilst the mean bonus gap increased from 38.2% to 44.2%, however the median bonus gap has fallen by c.34% to 32.5%. During the same time female representation has remained the same across our UK business at 23%. The increase in the bonus gap is driven by the fact that the bonus paid to managerial and leadership levels in 2022, for the 2021 performance year, of which females make up a higher percentage, was not paid until May 2022, and is therefore not included in the analysis; this was due to a delay in the announcement of the Company financial results. Bonus payments made included in the analysis were predominantly for 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, 11% were female and 9.3% 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. Full details can be found on the Government website, categorized by industry sector, as determined by the Office of National Statistics (ONS), or on the Company website. As detailed in the Workforce reward section, Wood remains proud of being accredited as a Real Living Wage employer in the UK, and although we value the impact gender pay gap reporting has had on society, we remain focused on pay equity, with equal pay for equal jobs.

Human rights

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 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.

Sustainability continued

Community

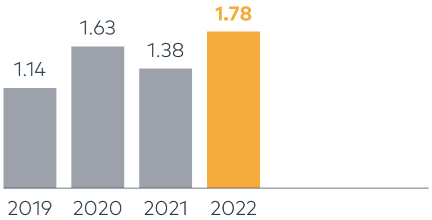
The relationships we create hold the key to supporting a sustainable society and economy for people, planet and business to thrive. Building strong and lasting relationships with our community neighbours, demonstrates our commitment to the communities we share, and our contribution to the social fabric of the locations where we live, work and impact.

Our commitment to understand, engage and evolve as a community partner seeks to demonstrate our values and the culture we continue to build at Wood.

Contributions to communities

Illustrating Wood's contribution to the communities we share, our total charitable donations summary has evolved from improved internal reporting of time, resource and money to help quantify our impact and inspire further contribution year on year.

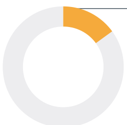
Total charitable donations*
$m



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

Global cause donations to date*

$1.53m



15% of 2030 target achieved

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

As a community partner we commit to:

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

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

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

Our approach

Our community investment programme aims to encourage and support our employees to show up in the communities we are a part of. Aligned to our approach to sustainability, we believe everyone has a role to play in creating a stronger future for all, and in the community space we recognise that our role extends beyond our philanthropic donations.

Wood's global community investment programme consists of three strategic pillars of support: matching our employee fundraising efforts, strategically uniting our business around a single global cause and volunteering our time.

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

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

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

Read more about our community investment programme in our latest Sustainability Report available at:
woodplc.com/sustainability

Governance and strategy

Managing Wood's community investment strategy, our Community Investment Committee 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.

As part of our sustainability strategy, Wood has committed to giving our time, resources and funding to contribute $10 million to our Global Cause by 2030, from a 2020 baseline.

Supporting a culture aligned to our values, our community outreach has enabled our people to reconnect following the Covid-19 pandemic on the issues material to our communities and demonstrate the good our strategy can deliver. In 2022, our Community Investment Committee efforts focused on:

- Strengthening our governance with the publication of a global community investment policy to support existing governance on our central community fund activity and provide overarching guidance on our approach to community investment to the wider Wood.
- Ongoing development of business unit strategic plans in support of our community investment strategy and global cause goal
- Increasing communications to inspire employee engagement and raise awareness of Wood's global sustainability action tracker to improve reporting across the Group

Employee matched funding

We believe supporting employee efforts to take action in their communities and fundraise for causes close to their hearts should be recognised and celebrated. Wood's employee matched funding programme allows us to do just that, with 100% of the amounts raised by employees being matched by Wood, up to a specified limit. In 2022, we were pleased to see an increase in employee fundraising efforts and applications for support, as our employees utilised community investment activities as a way to reconnect.

88

matched funding applications

$218,150

raised as a combination of employee and Wood funding, supporting 85 charitable organisations

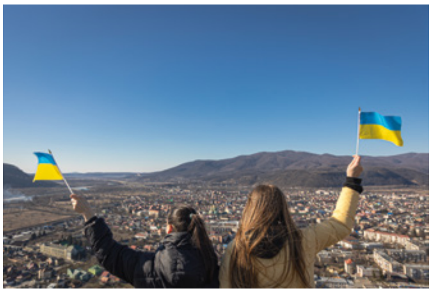
Cycling for Multiple Sclerosis in Perth and Houston

Racing to the finish line in support of those living with multiple sclerosis (MS) and other neurological conditions, our teams in Western Australia and North America have shown decades-long commitment, supported by Wood's employee matched funding programme.

For 24 years, Wood has participated in Bike MS Texas MS 150, one of the largest cycling events in North America, to raise funds for the MS Society. In 2022, an 80+ strong team pedalled roughly 180 miles over two days, raising $76,000, including a $12,000 matched contribution.

For the fifth year in a row, Wood supported our people to participate in the MSWA Ocean Ride in Perth, Western Australia, to help make a difference to people living with MS and other neurological conditions. Eighty-five team members participated in the ride and put in an amazing fundraising effort to raise $18,842, with an additional $12,000 match from Wood's community fund.

These in-person events help to strengthen team bonds and are a true demonstration of our continued commitment to the charities we work with.



Supporting the crisis in Ukraine

As the conflict in Ukraine continues, our people have responded in incredible ways to help civilians caught in the middle. Millions of people have fled Ukraine bringing only what they can carry and relying on the kindness of strangers to help them through this unbelievably difficult and heart-breaking time.

In addition to supporting employee fundraising efforts, Wood's central Community Investment Committee wished to recognise the number of employees donating personally to the crisis in Ukraine, offering a donation of £10,000 to a chosen charity, from a list of organisations already suggested by employees. Through an all employee vote on our internal engagement channel Yammer, our donation went to the Global Giving Ukraine Crisis Relief Fund which supports humanitarian assistance in impacted communities in Ukraine and surrounding regions.

Sustainability continued

Global Cause

Wood's Global Cause unites our business behind a single cause, aligned to our support for the UN Sustainable Development Goals (UN SDGs), and demonstrates the power of collective action. Supporting a cause as opposed to a single charity enables greater flexible for employees to demonstrate action locally, in the context of the people and places we impact.

Chosen by our employees, Wood's current global cause remains education in support of UN SDG4 and quality education. Our goal to raise $10million for our global cause by 2030 will be subject to periodic validation of our chosen cause by our employee base, to ensure we remain aligned to the issues most relevant to our people and sustainability strategy.

Driving action on our global cause, Wood's annual 'Global Cause Challenge' celebrated its fourth successful year of community fund support in 2022 and our ongoing focus on education. Open to all employees, since launching in 2019, the challenge has supported over 93 employee led initiatives, with more than $970,000 in funding support, across nine countries.

Empowering Students on Engineering Day

Giving our time to inspire the engineers of tomorrow, Houston members of our Developing Professionals Network hosted a team of female students from the Houston Independent School District (HISD) Resilient Outstanding Sisters Exemplifying Success (ROSES) mentoring programme for an Engineering Day in Wood's Houston Campus CoLab facility.

Welcomed by members of Wood's Executive Leadership Team, Team Wood encouraged the students to be inquisitive through rotating around a series of STEM activities introducing them to engineering concepts and applications, like structural integrity, vibration, virtual reality and wind energy. From demonstrating structural integrity in a hands-on exercise, to virtual reality simulations of an industrial environment and demonstrated how turbines convert wind energy into power, the day concluded with a lunch-and-learn presentation where leaders shared their personal stories of discovering their passion for engineering and overcoming challenges they have faced as women in the industry.

Wood committed funding of $15,000 to the ROSES mentoring programme in 2022, through our annual global cause challenge, supporting employee led initiatives that seek to ensure quality education for all in support of our current global cause.

$15,000
funding awarded

It's a wrap for the Million Makers Challenge

Supporting Wood's four- year partnership with The Prince's Trust, two groups of Wood graduates from across the UK came together to take part in a six-month entrepreneurial challenge to raise money for the Trust to support disadvantaged young people in the UK, to improve their prospects of future employment.

Set as a dragons' den style fundraiser, The Million Makers Challenge saw teams of employees compete to turn up to £1,500 of seed funding into £10,000 or more for the charity. Through a series of events and fundraisers, the inspirational teams raised an incredible £30,504; Winning the award of 'Dream Team', as well as an 'Outstanding Individual' award for one of our team members at a prestigious awards ceremony in London, our contribution was included in the staggering £1.75 million raised through the year for The Prince's Trust.

$37,811
raised by Wood graduates

Volunteering

Giving our time to supporting community causes, our people continue to demonstrate a passion for volunteering and showing up in our communities. After the impacts of the pandemic, the opportunity to return to in-person volunteering has enabled employees to reconnect with each other and our shared communities whilst tackling a wide range of social and environmental issues.

13,472
hours volunteered by our employees in 2022

Summer interns lead plastic pick up

As part of Wood's 10-year partnership with social mobility charity, Career Ready, four school pupils joined our team in Aberdeen for four weeks to experience life at Wood. During their internship, the interns gained the opportunity to lead a Plastic Free July initiative to collect litter near our Sir Ian Wood House office in Aberdeen, UK.

Joined by local leadership, and some willing volunteers from the office, the group cleared an area previously full of rubbish. In addition to volunteering their time, the interns interviewed leadership on the day to gain their thoughts on plastic waste and what sustainability means to them.

Watch their short video:
woodplc.com/pickup

Giving girls access to education in Iraq

Every child has the right to education but sadly that is not always the case, with political and social unrest in many of the regions Wood operates. In many countries, it is not unusual for girls to be taken out of school early and to not be aware of potential education or career opportunities.

Supporting a local school for girls in Iraq, through our #keepinggirlsinschool initiative, our local Wood Iraqi female engineers and P&O staff have volunteered to support and educate these young girls to look at their futures differently and the opportunities available to them. This is not only a cultural dilemma but one of understanding and financial constraints for many families.

Impacted by the pandemic over the last two years, in 2022 the team resumed school visits and in addition to their volunteered time, also donated 39 laptops as part of funding provided by Wood's annual global cause challenge. Wood's donation seeks to enable teachers to better deliver lessons, as well as deliver virtual opportunities for Team Wood to more regularly connect with the school between physical visits.

Sustainability continued

Ethics & Compliance

Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2022.

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. In August 2022, the Board of Directors approved an updated version of the Code, which includes new leadership introductions from Roy Franklin, Chair of the Board, Ken Gilmartin, Chief Executive Officer and Martin McIntyre, General Counsel and Company Secretary.

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

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

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

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

In recognition of the power of a combined Legal and Ethics & Compliance function, the two were merged into a new function called Legal, Ethics and Compliance (LEC). Previously reporting to the Executive President – Health, Safety, Security, Environment & Sustainability (HSSES), the Chief Ethics & Compliance Officer now reports to the General Counsel and Company Secretary. As a part of LEC, E&C continues to prioritise strengthening governance and carrying out key priorities. Our key areas of focus in 2022 consisted of:

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

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

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

Anti-Bribery and Anti-Corruption programme

Wood continued to operate under the three-year deferred prosecutions agreements with the Serious Fraud Office (SFO) in the UK and the Department of Justice (DOJ), and the 18-month leniency agreements with the Ministério Público Federal (MPF), the Comptroller General's Office (CGU) and the Solicitor General (AGU) in Brazil.

Wood met its first reporting obligations to the SFO and DOJ in June 2022, as well as the interim and final reporting requirements to the CGU. Subject to formal acceptance by the CGU, Wood has complied with the commitments required by the Brazil leniency agreements.

Wood's Anti-Bribery and Anti-Corruption Programme (the "ABAC Programme") remains the vehicle by which we will meet our commitments under the deferred prosecution agreements. The ABAC Programme has: (i) a clear purpose and strategic goals; (ii) defined workstreams aligned to the ABAC Programme strategic goals; and (iii) appropriate governance to ensure the necessary visibility/support at leadership level and resourcing across other functions and business units. In recognition of the importance of the ABAC Programme to its Inspired Culture, Wood has committed to increasing its ABAC maturity from a 3 (Defined) to a 4 (Advanced) by the end of 2025, with an increase in maturity to 3.3 by the end of 2023.

To that end, in 2022, we developed an E&C Blueprint articulating E&C's purpose and providing a corporate vision of the culture the Company strives to foster. We also dedicated significant resources to due diligence and mitigating third party risk, as further described below.

Third parties

Consistent with efforts over the past several years, we maintained our focus on management of third parties. As regards commercial intermediaries (CIs), Wood continues to prohibit, as a matter of policy, the engagement of 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 Commercial Intermediaries Policy was updated in 2022 and implemented through live trainings and communications. Increased governance and assurance continued throughout 2022.

Management of other third party risk, and in particular joint venture risk, is a key focus of the ABAC Programme, and significant progress has been made in this area in 2022. A Joint Venture Review Panel, including representatives from Legal, E&C and Commercial, was established to review incorporated JV partners, agree the risk rating for each JV partner and mandate action as necessary to manage E&C risk (which may include a recommendation for termination of the relationship). Additionally, for onboarding new suppliers other than CIs, Wood has developed an ABAC risk assessment and due diligence process. Given Wood's wide geographic footprint, as well as the variety of client types and services offered, improvement of processes to mitigate risks associated with clients and projects remained in the inception phase in 2022. This will continue to be an area of focus over the next two years.

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 meets regularly with the CEO and the Audit, Risk & Ethics Committee (AREC) 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. In addition to attending the Business Ethics Forum, throughout 2022 ROs supported: the ABAC Programme working group and provided steering committee business representation; the remediation programme in Brazil under the leniency agreements with Brazilian agencies; the Joint Venture Governance Programme; E&C in building relationships within their respective businesses; investigations; and the use of Ethics Moments in team meetings. Also, ROs provided feedback to E&C on policy and processes and ensured completion within their teams of mandatory E&C training.

Wood strives to gauge ethical culture by partnering with a third-party to conduct an annual anonymous survey of employees in specific geographic regions. In 2022, the survey was distributed to over 5,500 employees in the United States and Canada. E&C shares high-level results with leadership to help improve the culture and direct future training, engagement and communication efforts.

Ethics & Compliance training and communications

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

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

In 2022, mandatory computer-based training on anti-bribery and anti-corruption was assigned to nearly 400 individuals in high-risk roles in countries with a Transparency International Corruption Perceptions Index of 40 or below. The training module was customised with a short video introduction from the Chief Ethics and Compliance Officer and real-life Wood scenarios, making the content more relatable to Wood employees. One hundred percent completion was attained. During the training period, leaders in these high-risk countries were required to deliver ABAC-related Ethics Moments to their site-based employees, enabling key ethics and compliance messages to reach an additional 4,000 employees.

Managing cases

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

Sustainability continued

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, P&O or Legal. As such, many matters are managed without E&C intervention. However, employees may also contact E&C directly or use the Ethics Helpline, which is operated by an independent third party and allows anyone to raise a concern or report a suspected violation of our policies, procedures or the law.

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

During 2022, E&C received a total of 136 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 24 allegations that were substantiated after review or investigation, two terminations of employment for serious violations of Company policy resulted.

Trade compliance

The Trade Compliance Counsel has throughout the year advised the business on an unprecedented array of sanctions against Russia, many of which have directly targeted Wood's clients and market sectors, often with little or no notice. Working closely with Commercial we have overseen the winding-up of all 40 of Wood's contracts for work in Russia – all achieved without infringing sanctions and without provoking a single dispute.

A sanctions risk assessment performed by a leading law firm has found that Wood's risk profile is moderate and that Wood has a good sanctions compliance programme for dealing with the risks faced. The report's recommendations will inform our sanctions improvement programme for 2023-24.

Data privacy and protection

The data privacy team continued to drive improvements in how Wood manages personal data through the data privacy and protection programme, covering new law implementations, training and communication campaigns, incident response improvements and project support.

Areas of focus included: engaging with the business on compliance with new data privacy laws in Saudi Arabia, the United Arab Emirates, New York, Thailand and Ontario, Canada; and providing support on the use of personal data in key large-scale Company initiatives including the global implementation of Oracle People and the Compliance Excellence Partnership with Ernst and Young LLP.

New policies and procedures have also been developed, including the Monitoring Standard, the Data Retention Standard in collaboration with the Data Governance Committee and the Supplier Contracts Data Privacy Offboarding procedure, in addition to updates to existing privacy policies. Privacy will continue to collaborate with the Data Governance Committee on data classification, retention and storage within Wood to improve privacy compliance and drive cost savings in use of IT infrastructure.

Communications and training continue to be important tools to achieve a culture of privacy awareness and drive appropriate behaviours within Wood. In addition to its regular Focusfor15 training sessions, the Privacy team developed and delivered a number of specific training modules, including in collaboration with Information Security, ran various data protection campaigns, and continued to engage over the Wood Yammer network on privacy issues. This included the notable success of a Yammer post on data security with over 21,000 views, demonstrating the reach of the Privacy team into the organisation.

Wood uses One Trust for all vendor assessments, records of processing and data privacy impact assessments, acting as Wood's source of information on personal data use globally. Privacy continues to engage with the business and functions to improve user experience of One Trust assessments. The appointment of a One Trust system Privacy Lead has resulted in the identification of efficiencies and improvements in our procedures.

Ernst and Young LLP conducted an audit of the privacy programme over Q3 and Q4 of 2022. The objective of the audit was to assess the design and effectiveness of Wood's privacy programme and supporting governance framework in addressing key privacy risks. The result of the audit was positive, finding robust governance and processes and commending Privacy's use of automation to create a streamlined and efficient impact assessment process. The finding was 'Some improvement needed', guiding the next steps in the programme's maturity, specifically (a) the introduction of risk categorisation of vendors with ongoing monitoring of high-risk vendor's compliance with data protection obligations; (b) the creation of a risk matrix to identify the severity of data privacy incidents; and (c) the introduction of a management escalation process for non-compliance with Wood's mandatory data privacy training, an important step in demonstrating Wood's commitment to Data Protection. Privacy have developed an action plan to work together with IDT, Supply Chain and P&O to drive improvements in these areas under our programme maturity plan for 2023-24.

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 remained at a consistent level from the previous year and they have been handled in compliance with legislation.

Creating value through digital solutions

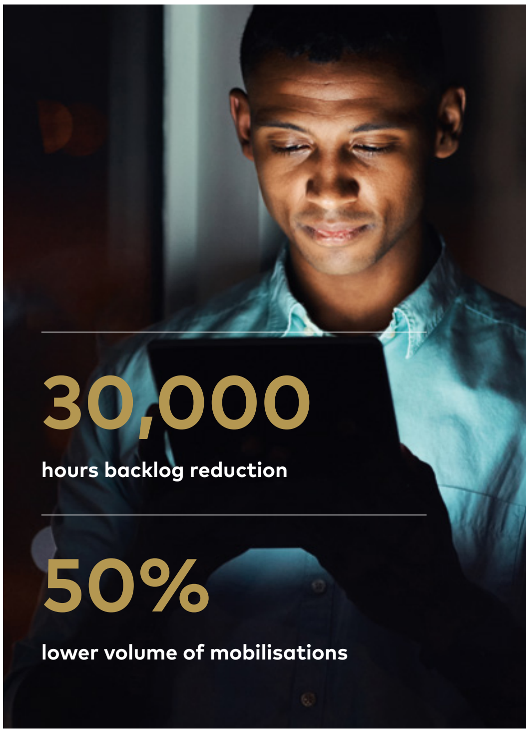
The fourth industrial revolution (Industry 4.0) is changing the way we live and work and how we think about planning and delivering projects for clients.

Wood is a partner of choice for clients on digital transformation projects. Our solutions are underpinned by our domain knowledge and leading industrial talent.

They span a range of areas including automation and system integration, digital twin, asset and integrity management, optimising process design and flow assurance, and software that helps to support decarbonisation goals.

A great example of our digital capabilities includes our work with bp to reduce the maintenance backlog across their North Sea assets. Through advanced data analytics, we were able to reduce backlog by 30,000 hours, lowering the volume of mobilisations by 50%, reducing risk and creating value for the client by freeing up people and cash.

Similarly, in the US, where methane-linked penalties will be introduced from 2024, there is a critical need for accurate detection, analysis and correction of asset leaks. We have market-leading methane detection and analysis technology and are currently using it with our Hibernia client on their operational assets.



Meeting global demand for chemicals

As the global population grows, so too does the demand for key chemicals that are central to many sectors including energy, transport and agriculture.

Meeting rising demand is an imperative for the world but these products must also be delivered in the most sustainable means possible. At Wood, we are the market leader when it comes to the design and delivery of integrated refining and petrochemicals facilities.

A great example of our expertise in this space is our work with INEOS where we were appointed on a four-year, $100m reimbursable contract to deliver engineering, procurement, and construction management (EPCm) services for Project One, a new state-of-the-art petrochemicals complex in Belgium.

The project represents the next era of ethylene production, a key component in most plastics. Through the combination of technology and an innovative technical design, it will be the most sustainable and energy-efficient steam cracker in Europe. Our scope is focused on the outside battery limit facilities for the ethane cracker and follows the successful completion of front-end engineering design for the facility.

Sustainability continued

Health, safety & security

Protecting people is our priority at Wood. Ensuring the health, safety and wellbeing of our teams is vital and we are committed to our values which are the foundation of our beliefs and the basis for our decision making. Our Health, Safety, Security, Environment & Sustainability (HSSES) strategy is designed to help us on our journey towards excellence. We plan for success, through understanding and managing our risks, continuous inspiring leadership who engage with our teams and the systematic implementation of effective HSSES systems and practices.

Health and safety

Our HSSES function continued to manage the global pandemic during 2022 while maintaining a strong focus on the key aspects of our health and safety programme.

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 when appropriate to do so.

Transitioning through the Covid-19 pandemic

Despite an ever-evolving landscape in relation to Covid-19 in 2022, our key priority has remained the health, safety and wellbeing of our employees. During Q1 2022, the omicron variant had a significant impact on Wood. Covid-19 related absences reached an all-time high as a consequence of significant community transmission across our global footprint. However, the business continued to adapt and follow the best available advice ensuring that appropriate measures were taken in our offices and in the field environments. Ongoing support and guidance to employees focused on safety, health, hygiene, homeworking and mental health support during this time.

Measures implemented to protect and support the workforce continued to be regularly reviewed and updated throughout the year in compliance with changing local and national guidelines and regulations as Wood increasingly transitioned to working within the office environment again as conditions continued to improve, evolve and change.

The Executive Leadership Team and Board have received regular updates on the global situation as well as the progressive return to work measures. Local office teams have been set up to support and engage with employees as they have transitioned to this different working environment. A key feature of 2022 has been reinvention of workspaces to restore a sense of community as well as allow more collaboration in recognition of the impact that working at home has had on employee mental health. Using these spaces to support local wellbeing initiatives such as 'lunch and learn' sessions on a range of topics has also encouraged the return to the office and helped minimise the risk of isolation particularly felt by home workers and recognised as a risk to Wood's workforce.

Throughout 2022 Wood has continued to offer employees access to a range of mental health support services. This has included our global Employee Assistance Programme whose usage has been extended to family members. Our library of self-help resources has also continued to be expanded throughout the year. In addition, a global wellbeing network including the "We Care" group has been created as a means of allowing colleagues to interact and engage more easily.

The results of Peakon surveys completed in 2021 were a significant factor in ensuring the work design factors identified that impacted on mental health and wellbeing were suitably addressed in these documents. In response, Wood has also started providing awareness, prevention and support training sessions to line managers via e-learning and live webinars.

Recruitment of additional Wellbeing Champions within the business continued in 2022 reaching a total of 327 across the globe. 2022 saw Wood start to collaborate with other industry organisations in support of mental health with the CEO speaking at the World's Biggest Mental Health Check In.

Sustainability continued

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 three focus areas of our 2022 improvement plan were:

Leadership Reset
- Realigning and reconnecting across the business to signal change and to build a trusted partner relationship between the function and the operational teams

Frontline Connection
- Setting up teams for successful and safe outcomes and creating active participation to ensure resilient operations

Functional Support
- Providing high-quality professional support to ensure that Wood can deliver world-class safety performance

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

- The introduction and development of a leadership masterclass programme that encourages a culture of change; one where leaders make conscious choices to go above and beyond to improve safety within Wood. The leadership masterclass provides executive leadership with a set of tools to ensure a visible difference at site level. Of significant focus is the sharing of lived experiences from past incidents.
- The Management System Revitalisation (MSR) Project concluded, releasing 145 enterprise Standards, Procedures, Guidance documents and Forms to the business. As the MSR has been finalised, focus has shifted to the Embedment Project whereby the business is utilising the digitised gap analysis tool to conduct a full audit of local management systems and ensure consistency with the enterprise management system.

- Digitalisation is a key enabler to support Wood in being better at predicting our project risk profile. Our goal is to use technical solutions to connect and leverage data enabling our people to make smart safety a reality. To achieve this, we invested in modification of existing software and systems and the development of new industry leading tools. We continually improve or replace many of our manual activities with smart automation and digitally connected solutions. Work over 2022 resulted in a Wood developed mobile application, available for both iOS and Android.
- Immersing our Professional Services Team (PST) model. By implementing a shared services model within the HSSES function in 2021, the PST has supported our stakeholders by delivering consistently exceptional services.

Health and safety performance

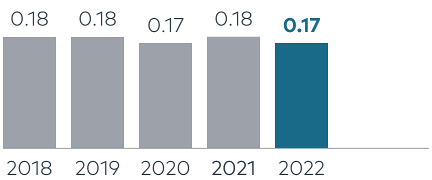
We established both leading and lagging safety targets at the beginning of the year, aligned to our 2022 improvement plan:

- Zero Serious Injury & Fatality (SIF) Actual Injury Incidents – incidents that result in fatality, life threatening or life altering injury or illness
- Leadership engagement events – focused on safety visits by senior managers

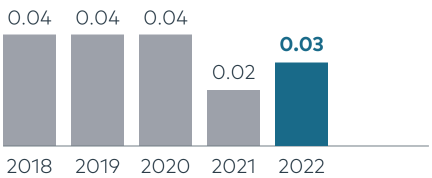
Total recordable incident rate (TRIR)

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 115 recordable incidents across the business. This represents a 6% reduction in the number of injuries compared with 2021, which results in our 2022 TRIR performance marginally improving to 0.17, compared to 0.18 in 2021.

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



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



The most common cause of injury (18%) was contact with tools, equipment or machinery, closely followed by slips, trips and falls (17%).

Lost time incidence rate (LTIR)

Performance is based on a rolling 12-month incident rate and includes contractors working under Wood's management system. In total there were 18 lost time incident cases across the business. This represents three more injuries than the previous year. As a result, our LTIR marginally increased to 0.03, from 0.02.

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

SIF Incidents

Two incidents classified as SIF Actual were recorded in 2022 resulting in significant injury. The first occurred in our Operations Americas business when an operator was struck in the abdomen by a thermowell fitting he was tightening. The second occurred in our Projects business in the United Kingdom, where a linesman fell from height.

In 2023 Wood will formally roll out to the business our new reporting metric, Fatality and Permanent Impairment (FPI), known previously as SIF, which is being implemented in line with many of our clients and contractors. The International Association of Oil & Gas Producers (IOGP) has set a course for our industry to focus on preventing life changing injuries and fatalities. Identifying, investigating and analysing FPI incidents demonstrates Wood's commitment to its values and reduces the direct and indirect impact of these types of incidents. It allows a deeper dive into the causes to enable a better understanding of what is required to prevent reoccurrence.

Leadership engagements

2022	Target	Achieved
No. of leadership engagements	2,589	3,289

The pandemic continued to impact our leaders' ability to undertake physical site visits, particularly in the first part of the year, however engagements continued to be made utilising remote solutions where necessary. The commitment from our leaders resulted in the number of engagements achieved exceeding those planned for the year.

Our focus on meaningful engagement with our workforce has continued throughout 2022 to identify opportunities to ensure an incident free environment for Wood employees and contractors.

HEART

Our behaviour-based safety observation programme HEART (Harm Elimination and Recognition Tracker) system is well established and enables our teams, partners, clients and contractors to proactively identify hazards and effectively intervene when they consider safety is being compromised. The programme also encourages the recognition of safe behaviours in an effort to foster safe working practices. HEART helps us engage our co-workers at the office, at the worksite and at home to improve our safety standards. To maximise engagement and make HEART submissions easily recorded, there are several methods our people can use to submit their observations; via the desktop system, by using a QR code or by using the ShieldEd Mobile Application. 84,308 HEART observations were made and recorded in 2022.

Sustainability continued

Focus on Security

Wood operates in a number of countries with complex or challenging security risk environments. Group Security have a focus on improving the Company's resilience. They are responsible for providing forward looking strategic risk advice to leadership teams, the security risk mitigation requirements for activities where crime, terrorism or political instability are a concern, as well as the governance of the crisis, emergency and business continuity management framework. The team's overarching and unifying aim is to enable the business to safely win and deliver work all over the world.

With Wood's crisis and incident management teams having been convened throughout the pandemic a great number of lessons were learned at each level. 2022 saw the function focus on aiding the level beneath to develop its emergency management and business continuity capabilities. This included follow-up to the 2021 release of the Emergency Management Standard, workshops on completing emergency management plans and business continuity plans, and desktop exercises in a selection of geographies identified as more likely to experience events that might warrant the enaction of such plans.

With travel restrictions easing, the team was able to recommence visits to projects and offices in less secure environments around the world. Regional Security Managers travelled to various locations within their respective domains, including Columbia, Iraq, Kazakhstan, Mexico, Mozambique, Papua New Guinea, South Africa and Trinidad & Tobago. There they advised project managers on operational security arrangements, changes to security environments around our projects, delivered briefings to staff and liaised with local leadership and business development teams about upcoming bids.

The function continues to provide a geopolitical advisory capacity across the business, with all team members able to provide guidance on global events and their anticipated ramifications for Wood regionally and locally.

Look forward

2023 will see the function reorient to align with the Company's refreshed, three-pillar strategy. Group Security will support the drive for an inspired culture through highlighting the considerable care and attention that the Company devotes to ensuring its employees' and contractors' safety, not least through the work of functions such as Group Security. The function will support the focus on performance excellence not only through the delivery of its own highly specialised capabilities, but also through continually working to digitalise, simplify and refine processes and systems to reduce the burden of compliance on the businesses that we support. Lastly, the team will pursue the objective of profitable growth not only by continuing to enable the business to win and deliver projects wherever clients require, but also by protecting margins through identifying security costs at bid stage and ensuring they are included in bids and fostering competition amongst security services providers so as to achieve cost reductions where possible.

An outstanding safety performance

An absolute commitment to protecting the safety and wellbeing of our people is at the heart of the inspired culture at Wood.

Our safety performance is strong, but our work here never stops. We retain our focus on reducing total recordable incidents and on supporting the mental health and wellbeing of colleagues across the globe.

This commitment to safety is evident in the work we are delivering for clients. A great example is the team in Kuala Lumpur, Malaysia working with Hess on their Central Processing Platform (CPP). The team recently achieved a remarkable milestone of five years without Lost Time Injury (LTI).

The team has been supporting Hess' new-build fixed and floating offshore facilities in the North Malay Basin development area located approximately 150km northeast of Peninsular Malaysia. The contract is being delivered by 150 full-time Wood employees based both offshore and onshore across the Wood and Hess offices in Kuala Lumpur.

Consistently excellent performance on the contract has also led to a renewal of our scope and opportunities to expand our remit into design and build work. Wood and Hess have a 15-year global relationship and have worked together in Asia-Pacific, Africa and North America.

150
full-time employees

15-year
client relationship

5 years
without Lost Time Injury (LTI)

Principal risks and uncertainties

Managing our risks

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

Risk management

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

The Board are responsible for:

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

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

Group risk management framework

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

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

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

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

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

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

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

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

During 2022, our corporate risk management system (BRisk) and project risk management system (ProRisk) were further developed and upgraded to enhance governance and oversight of the control environment for the principal risks.

Group risk framework

Risk Escalation

Contract/ project
Monthly project governance risk review

Business groupings
Quarterly risk review

Business units
Quarterly risk review

Quarterly business review
Quarterly BU risk review

Group Risk Committee
Biannual Group risk & principal risk review

Board
Biannual principal risk review

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, legal, ethics & compliance, commercial, finance, tax & treasury, IT, group audit & risk, 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.

Changes to the principal risks in 2022

The impact of the Covid-19 pandemic on our business reduced in the past year as vaccines were rolled-out globally while Wood, our clients and our supply chain found new ways of working with this risk. The risk of some level of disruption from Covid-19 remains, which could disrupt our workforce in specific locations or our global supply chain. At the 2022 half-year, the GRC and the Board concurred that the "Enduring impact of COVID-19" was no longer a principal risk for Wood but categorised as a business risk and managed at the BU level.

Following a strategic review initiated in 2021, a sale process was commenced for the Built Environment Consulting business. The risks associated with the sale and the post-sale impact on the Group were assessed via a designated working group, and the disposal was not considered to be a standalone principal risk for Wood.

Typically, the GRC would meet twice during the year, but due to the sale of the Built Environment Consulting business and the new strategy due to be launched at the Capital Markets Day, an extra GRC was convened in September to discuss the resultant changes to the risk profile.

On the completion of the sale of the Built Environment Consulting business, the Group's leverage was significantly reduced with the proceeds. As such, the principal risk titled "Leverage position" was closed out. The principal risk was reassessed and articulated as "Sustainable cash generation" as shown in the principal risks table.

With the new strategy having been launched through to 2025, the "Strategic agility" risk was also modified to "Strategic delivery" and this risk is now centred around delivery of the strategy through 2025.

ESG and sustainability

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

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

Climate change

During the GRC and Board risk sessions in 2022, the various aspects of climate change risk for Wood were reviewed as an integral part of our risk management framework. From 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 delivery" principal risk. Certain aspects also impact "ESG strategy and performance".

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 climate change related risks at the GRC, S&S Committee and the Board ensures the content of the related principal risks remains focused on our perception of climate change risk on the business. The Group 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.

Emerging risks

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

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

Russia's invasion of Ukraine was identified and escalated in early March 2022 to the Board risk session. In concurrence, a working group had been 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 Russia. Despite the withdrawal from operations and the business impact from sanctions and export control, there were no concerns of material impact on Wood, and therefore this was not considered to be a principal risk.

We continue to monitor the impact of inflation to ensure that we can proactively manage our operational costs, margin and forecasts. This emerging risk continues to have focused attention from the ELT and Board but is not considered to be a standalone principal risk. Aspects of the risk are considered under the "Contracting" and "Project execution" principal risks.

Principal risks and uncertainties continued

Risk appetite

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

Monitoring the risk management and internal control systems and processes

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

To ensure that responsibilities for risk and assurance are clear with the committee structure, each principal risk and area of risk is assigned to either the Board or one of the Board committees. This was revisited during the second quarter with a meeting between relevant members of the ELT, the President Group Audit & Risk, and the Chair of the Board. The revised Board committee structure was put in place for the August Board meeting along with revised Committee charters. These responsibilities are reflected in the principal risk table.

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

The Board's assessment of the internal control environment, as informed by Group Audit & Risk, is effective, with some areas where improvement is needed. Particular area of focus are smaller businesses which have not yet been integrated to the Group's common ERP system and shared services model. An improving and maturing control environment for entities hosted in the common ERP environment and supported by the shared service centres was noted in 2022.

Details of the status of internal controls are included in the Audit, Risk & Ethics Committee report on pages 118 to 121.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), which includes financial forecasts up to the end of 2024 to reflect severe, but plausible downside scenarios. The directors have considered as part of this assessment the impact of the events that happened post balance sheet date and up to the date of issue of these financial statements.

The Built Environment Consulting business disposal was completed in September, leading to the receipt of gross proceeds of $1,805.3m and has led to a significant reduction in net debt (excluding leases) to $393.2m at 31 December 2022 compared with $1,393m at 31 December 2021. The proceeds have principally been used to pay down the Group's debt facilities including a $400m repayment of the $600m term loan and $416.3m repayment of the US private placement loan notes.

In order to satisfy themselves that they have adequate resources for the going concern assessment period, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants, and the Group's ability to generate cash from trading activities. As of 31 December 2022, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan maturing in July 2026 and $352.0m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due in 2025 or later. At 31 December 2022, the Group had headroom of $1,157.9m under its principal debt facilities and a further $109.7m of other undrawn borrowing facilities, and the Group expect to have sufficient levels of headroom in the severe but plausible downside scenario modelled.

At 31 December 2022, the Group had net current liabilities of $235.0m (2021: $367.9 million).

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 order book visibility and the restored financial strength of the Group's balance sheet. The Group anticipates growth in priority markets and geographies including conventional energy, which the directors have increased confidence in due to the current market focus on energy security. In addition, the process and chemicals business has strong growth drivers including decarbonisation of facilities and population growth, which facilitates increased demand for chemicals products. The order book as at December 2022 includes a high level of revenue coverage for 2023 which is also improved from prior years and in conjunction with the strong market drivers described above, gives the directors improved confidence in the underlying forecasts.

The directors have also considered severe, but plausible downside scenarios which reflect further material reductions in revenue of between 5% and 10% and a 1% reduction in gross margin 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 which could lead to deferrals or cancellations of contracts by our clients. In each of the scenarios modelled, the financial covenants were passed with significant facility headroom remaining available. In the going concern forecast period, for the June 2023 covenants, due to higher interest rates and elevated levels of net debt, in the 12 months prior, the interest cover ratio reduced, but the covenants are forecast to pass after adjusting for the non-recurring interest which arose on facilities repaid and cancelled during 2022. These repayments were made subsequent to the disposal of the Built Environment Consulting business. In addition, the directors considered the impact of the removal of the receivables financing facility (which is not committed) of $200m and adverse movements in working capital as further sensitivities. The Group still had sufficient headroom to meet its liabilities as they fall due with these additional sensitivities.

Consequently, the directors are confident that the Group and company will have sufficient funds to continue to meet their 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 2025 and modelled the impacts of the risks over a five-year period to 31 December 2027.

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 2022, the Group's principal debt facilities comprise a $1,200m revolving credit facility maturing in October 2026, a $200.0m term loan maturing in July 2026 and $352m of US private placement debt repayable in various tranches between July 2024 and July 2031, with over 70% due in 2026 or later. These are set out in note 18 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 page 84, these included, individually and in combination, multi-year reductions in demand, project execution and contracting risk, revenue growth risk, the impact of a catastrophic safety or cyber security incident, the fines and damage sustained by an ethical, regulatory or data breach or a substantial litigation. Based on the modelling performed, the Board's assessment was that the strength of our balance sheet, the flexibility of our business model and the mitigating actions available meant that in all plausible scenarios considered the business would continue to be viable for at least three years. Mitigating actions would include reduction of discretionary spend including bonuses, capex reduction or further disposals.

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due up to 31 December 2025.

Principal risks and uncertainties continued

Analysis of principal risks

Strategic

Strategic delivery

V B ▶

Risk profile

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

Mitigation, monitoring and assurance

- Strategic review of our portfolio identified priority markets with external consultants and internal experts to refine our focus
- Strategic risks associated with the strategy analysed and appropriate mitigation actions put in place
- New strategy rolled out to 400 of the company leaders at leadership conference and communicated externally at capital markets day with medium-term targets
- Company level metrics/targets were set and cascaded into the BUs with execution plans to achieve the strategy
- Quarterly Business Review (QBR) process was implemented across the ELT to measure progress both from a business and functional perspective against the targets within the strategy.

ESG strategy & performance

S ▶

Risk profile

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

Mitigation, monitoring and assurance

- Existing policies, procedures, management structures and Board oversight covering compliance with the key components of ESG
- Monitoring of compliance and reporting in line with the UK Corporate Governance Code, covering governance responsibilities, with oversight provided by the Audit, Risk and Ethics Committee and the Board
- Integrated ESG risk management with company risk management framework
- Safety & Sustainability Committee includes oversight of sustainability aspects with additional review by the full Board on an annual basis with Sustainability targets sanctioned by the Board
- Sustainability targets agreed with the Board; strategies and strategic plans in place for target achievement
- BUs developing bespoke operations sustainability plans supporting target achievements, for their operations
- Safety performance is a long-standing component of bonus schemes

Sustainable cash generation

V A *

Risk profile

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

On the completion of the sale of the Built Environment Consulting business, the Group's leverage was significantly reduced with the proceeds. As such, the principal risk titled "Leverage position" was closed out. The principal risk was reassessed and articulated as "Sustainable cash generation"

Mitigation, monitoring and assurance

- Monthly BU and ELT reviews of debt and cash performance and Board reviews against budget/forecast
- Short-term cash flow forecasting tool fully rolled out across the business with monthly reviews
- Weekly monitoring of Group net debt
- Designated process for governance of capital expenditure
- Established processes for monitoring of working capital including new Quarterly Business Reviews where accounts receivable and days sales outstanding are monitored
- Targeted improvement in day sales outstanding
- Credit policy in place with monthly reporting process
- Monthly monitoring and reporting of aged debt including any unbilled amounts
- Management of cash outflows from non-trading financial liabilities

Board assessment of change in risk from 2021:
▲ Increase ▶ No change ▼ Decrease
V Considered as part of viability assessment * New

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

Commercial and Operations

Contracting

V B ▶

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
- Quarterly Business Reviews of BUs & Top 10 Projects, chaired by the CEO and attended by the Group CFO and BU Executive Presidents, including focus on lump sum contracts
- 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

Failure to retain and attract critical staff

B ▲

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 2022 to assess progress against the employee engagement framework with follow-up focus groups andaction plans developed to address key themes
- Focus from ELT on addressing specific retention challenges

Project execution

V B ▶

Risk profile

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

Mitigation, monitoring and assurance

- Start up, project management, technical and resourcing execution plans for key projects supported by monitoring and reporting
- Strategic projects team 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
- Quarterly Business Reviews of BUs & Top 10 Projects, chaired by the CEO and attended by the Group CFO and BU Executive Presidents
- Operational Excellence functions in each of the BUs supporting consistent project delivery through focus on common operating model, standardised delivery applications and project management academy

Principal risks and uncertainties continued

Health, Safety, Security & Environment (HSSE)

Major incident

V S

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
- Bespoke HSSES management system elements through the deployment of The Shield
- Quarterly Business Review of BUs, chaired by the CEO and attended by the Group CFO and BU Executive Presidents.
- Professional Shared Services Hub to ensure 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 Audit & Risk team remit expanded to include Technical, Quality and HSSES scopes and assurance against standards
- Regular review of safety performance by ELT, Safety and Sustainability Committee and the Board
- Revised Business Continuity and Emergency Response Plans
- Wellbeing resources supporting our employees

Technology

Cyber security

V A

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, Risk & Ethics Committee and the Board with an annual review by the Audit, Risk & Ethics Committee

Compliance and Litigation

Major investigations

V A

Risk profile

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

Mitigation, monitoring and assurance

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

Major litigation

V B

Risk profile

Legal action can result from a major incident, a major regulatory investigation, contracting issues, 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

Successfully navigating change

Roy A Franklin
Chair

"Our robust corporate governance framework has allowed the Group to successfully navigate a year of significant change whilst maintaining our strong culture and balancing the competing needs of our stakeholders."

Dear Shareholder

I am pleased to present the corporate governance report for 2022, which was a year of significant change for the Group. We successfully navigated that change whilst balancing the interests of all stakeholders and maintaining an effective culture. The Board continues to provide strong challenge and support to management whilst ensuring ongoing engagement with our stakeholders throughout the year and delivering on its clear responsibility to promote the long-term success of the Company.

The Board and its Committees have spent time considering a number of important strategic topics during the year:

Appointment of new CEO

Following Robin Watson's announcement of his decision to retire as Chief Executive Officer in April 2022, the focus of the Nomination Committee in 2022 was on the appointment of a suitable candidate to replace Robin. The Company has a well-established succession plan which considers internal high potential employees as well as external candidates. This plan is regularly refreshed and informed the process to search for and appoint a new CEO resulting in an extensive selection process that considered both internal and external candidates.

In June 2022 it was announced that Ken Gilmartin, the then Chief Operating Officer of the Company, would be appointed as Chief Executive Officer with effect from 1 July 2022. Ken has brought a wealth of industry experience and excellent strategic and leadership skills to Wood, and I am delighted that he is our new Chief Executive Officer. The Board believes he is a great fit for Wood, with the combination of skills and experience to lead the business through its new strategic phase. On behalf of the Board, I thank Robin Watson for his many years of service to the company and wish him all the best in his retirement.

Board changes

Thomas Botts resigned from the Board in June 2022, after nine years of service. The Nomination Committee decided that a decision on a possible replacement for Mr Botts would be deferred to allow the Committee to consider the position following the sale of the Built Environment Consulting business.

Sale of Built Environment Consulting business

The sale of the Built Environment Consulting business to WSP completed in September. This transaction marked a new chapter for Group, the proceeds of which have transformed our balance sheet and restored financial flexibility to the Group. The Board received regular updates on the progress of the sales process throughout the year. We provide more details of how the Board provided oversight and governance over all aspects of the sale on pages 44 and 45. Principal Decisions.

Future financing

The Board recognised the Company would need a new finance strategy subsequent to the sale of the Built Environment Consulting business and potential future financing structures were reviewed throughout the year. Following presentations and discussions, the Board determined that the key considerations for a future financing strategy should include (i) maintaining liquidity, (ii) minimising future interest charges, (iii) maintaining a diversity of funding, and (iv) reviewing and maintaining banking relationships including bonding availability and receivables facilities. In reaching this decision the Board was focused on refreshing the Group finance strategy following the Built Environment Consulting business sale in order to position the Company for future investment and growth.

Refreshed strategy

The sale of the Built Environment Consulting business marked a significant redefining to the business of the Group and a natural point at which to review our strategy. In November 2022 we announced the Group's refreshed strategy at a Capital Markets Day. The refreshed strategy is underpinned by our three strategic pillars: creating an inspired culture, delivering performance excellence and achieving profitable growth. These are the pillars of our focus to meet the needs of three important stakeholder groups – our employees, our clients and our shareholders. The strategic pillars provide a platform to deliver solutions across two end markets: Energy and Materials and realise our vision of delivering sustainable solutions that transform the world. The Board played an integral role in the formulation and delivery of the Group's refreshed strategy, including assessing our markets and portfolio and identifying the very best growth opportunities that will bring value to our stakeholders. More details can be found on page 46 Principle Decisions.

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. The findings of the review were regarded as positive, characterising the Board as one that has successfully navigated a very challenging period. Several actions were recommended including improvements to Board meeting management, focus and prioritisation and improving the quality of Board reporting. The Board has initiated activities to address these areas including: establishing a working group led by senior management that is reviewing the form and content of Board papers to ensure appropriate focus and detail on key issues; ensuring Board meeting agendas have an appropriate balance to allow sufficient time for the Board to discuss key issues; and the form and content of the CEO report will be adjusted to provide greater clarity on the key issues impacting the business.

Board Committee review

In early 2022 the Audit, Risk & Ethics Committee reviewed the results of an external investigation 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 earlier review that had been instigated following concerns raised internally. Following this review the Audit, Risk & Ethics Committee 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. As a result of this review, from August 2022, (i) the Audit Committee was renamed the Audit, Risk & Ethics Committee and the Charter was extended to include management of the Group Ethics & Compliance programme and oversight of the newly combined Group Audit & Risk team, encompassing internal audit and Group operations audit and (ii) the Safety, Sustainability, Assurance & Business Ethics Committee was renamed the Safety & Sustainability Committee and the Charter was updated to reflect the changes to the Audit Committee Charter ensuring an ongoing high level of oversight on safety issues whilst also recognising the continued growing importance of sustainability matters.

Letter from the Chair of the Board continued

Safety & Sustainability

In 2021, the Safety & Sustainability Committee reviewed and endorsed Wood's Sustainability Targets. 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 UN Sustainable Development Goals objectives. Throughout 2022, the Committee monitored and reviewed progress towards the targets as well as providing oversight to the materiality assessment undertaken in 2022 to ensure that Wood's sustainability strategy continues to align to the expectations of our key stakeholder groups. In addition, the Committee reviewed information relating to benchmarking Wood's sustainability performance compared to peers. While it was noted that Wood compares favourably to its peers, this is an evolving area and continuous improvement is required to maintain this position.

Prior to August 2022, when the Committee retained oversight of Ethics and Compliance matters, the Committee also monitored developments regarding the imposition of sanctions on Russia and their impact on Wood's operations in Russian territories or with Russian-owned clients. The Committee reviewed the controls in place to ensure compliance with any sanctions and provided oversight to Wood's response to the situation resulting in the Board's decision to exit Russia and withdraw from operations in the country.

Audit, Risk & Ethics

The Audit, Risk & Ethics Committee focused on the application of the Group's 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 2022 financial statements included review of significant contracts, goodwill impairment reviews and the sale of the Built Environment Consulting business.

The 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 President Group Audit & Risk and the results of detailed self assessment processes undertaken across the Group. The external auditors 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 Group Audit & Risk, 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.

As noted, the scope of the Committee was expanded in August 2022 to include Ethics and Compliance. In August and November meetings the Chief Ethics and Compliance Officer and Group General Counsel attended the meetings and gave an update of the E&C programme, an overview of major ongoing cases and at the November meeting gave an update on sanctions risk, which was heightened following the situation in Russia. The Committee also discussed the 'Speak Up' report that promoted an open-door culture and reviewed the nature and frequency of reports.

Principal and emerging risks

As part of the overall process for managing principal and emerging risks, the principal risks are reviewed by the Board twice per year and emerging risks escalated to the Board as required. This process includes cross-checking against the principal and emerging risks identified by Wood's peer group which helps to inform the Board's mid-year discussion on risk. In addition, at the half year and year end, a series of one-to-one interviews are carried out by the President Group Audit & Risk and the VP Risk with each of the non-executive directors to understand their perception of emerging risks.

Workforce engagement and remuneration

In 2022, the Remuneration Committee continued to engage with employees globally, supported by the internal reward team, participating in employee focus groups and feedback networks to ensure our people are engaged, safe, and developed to reach their full potential. The Remuneration Committee also discussed and reviewed updates on the wider workforce at every meeting, covering topics such as pay equity, employee share plans, cost-of-living response, retention, ethnicity pay reporting, benefits & retirement plans, and gender diversity. The Remuneration Committee continued to receive regular updates from the Executive President of People & Organisation (P&O) and President of Reward & Mobility throughout the year on wider workforce remuneration matters, ensuring that broader reward practices are understood and aligned when setting executive remuneration.

Remuneration Policy

As part of the normal three-year cycle the Board has approved some minor updates to directors' remuneration policy, which will be put before the shareholders for approval at our upcoming AGM.

I hope you enjoy the governance report which provides further detail on activity throughout 2022. I look forward to the year ahead and continuing to implement the highest standards of governance as the Group executes and delivers the new strategy.

Roy A Franklin
Chair

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Directors' report

The directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2022.

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 166.

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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 the cash performance of the Group, the Board gave priority to maintaining a strong balance sheet and decided not to declare a final dividend for 2022. No dividends were therefore paid to shareholders during 2022.

The Board recognises the importance of dividends to shareholders and will consider its approach to dividends in 2023 and beyond alongside other capital allocation options.

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.

The Board reviews its governance procedures to maintain proper control and accountability. 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 2022.

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 page 102).

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

The Board has a structured calendar for the year ensuring all relevant matters are considered and utilises its four principal committees to ensure sufficient time is allowed for discussion. At each Board meeting sufficient time is set aside for the Committee Chairs to report on the contents of their discussions, put forward any recommendations to the Board which require approval and the actions taken. Board members are encouraged to attend all committee meetings, even if they are not a member of all committees. Further information on the activities of the principal committees can be found on page 105. The Board continually assesses the flexibility and sustainability of our business model, monitoring and reviewing our strategy (including our purpose and strategic objectives), assessing and identifying changing or emerging risks that could impact on the Group in the short, medium and long term. Further information on the business model can be found on page 14.

Purposes, values and culture – Principle B

Our purpose, values and culture are set out in the Strategic Report on page 12 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. 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 2022.

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.

Directors' report continued

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. Further information on engagement with stakeholders and the Board's application of s172 of the Companies Act 2006 can be found on page 99.

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 global employee surveys and additional pulse surveys to gather the views of employees, and the Listening Group Network (LGN), which involves employees from around the world enabling the employee voice to be heard by the Board and Executive Leadership Team. The Board believes this is a more effective method of employee engagement and representative of Wood's global, diverse workforce.

Established mentoring relationships have continued during 2022 and, since its launch in 2021, the MentorConnect app has resulted in over 900 mentor and mentee profiles being created across 31 countries and is considered a key tool in personal and career development for our people.

We discuss our workforce engagement activities on page 62. Details of the impact of employee engagement on principal decisions are set out on page 44.

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. During 2022, the Board commissioned an investor perception survey having concluded that, during a period of significant change for the Company, it would be beneficial to gain feedback, on a confidential basis, regarding the expectations of investors and wider stakeholders.

Further details of our engagement with shareholders is on page 108.

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

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

Client engagement is managed through our structured Client Management Framework enabling active executive and business unit leadership participation in strategic level and key client meetings. The insight from these meetings helps to inform operational, business development and long-term strategic direction. Details of the Group's engagement activities with clients and suppliers during the year are provided on page 40.

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 page 70.

In 2022, the Board approved the Modern Slavery and Human Trafficking 2022 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 Officer 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 Officer, Senior Independent Director, non-executive directors and the Company Secretary are on page 105.

Independence – Principle G

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

External commitments and conflicts of interest – Principle H

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

Key activities of the Board – Principle I

The Board typically schedules a minimum of four in-person meetings and three video conference calls throughout the year. During 2022 there was a return to in-person meetings and a total of 14 board meetings took place: five in-person board meetings (four held in the UK (Aberdeen and London/Reading) and one held in the US (Houston)) and nine board calls (all held via video conference). The additional meetings related to significant matters dealt with in the course of the year including matters relating to the Built Environment Consulting sale, and the refresh of the Group Strategy.

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 regularly scheduled in-person meetings:

- Review of Governance and reports from the Committees, and the Chief Executive Officer review
- Updates from the business units and Group functions, including finance updates.

Further details on Board activity during the year is on pages 109 to 110.

Directors' report continued

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, including gender and ethnic diversity.

The Nomination Committee report on pages 115 to 117 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 page 102.

Annual Board evaluation – Principle L

An annual evaluation process is undertaken which considers the effectiveness of the Board and its Committees and the performance of individual directors and 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 page 89.

Audit, risk and internal control

Financial reporting – Principle M

One of the Audit, Risk & Ethics 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 Committee considers the overall requirement that the financial statements present a 'true and fair view'.

The main responsibilities of the Audit, Risk & Ethics Committee are to oversee various aspects of the Group's:

- financial controls, financial reporting and external audit
- internal audit function including operational audit since mid-2022 (combined as Group Audit & Risk)
- risk management controls and processes and
- management of its Ethics and Compliance programme

External auditor and internal audit – Principle M

The Audit, Risk & Ethics Committee has primary responsibility for managing the relationship with the external auditors, 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's external audit partner to rotate every five years.

Further detail on the work of the Audit, Risk & Ethics Committee is on pages 118 to 121.

Fair, balanced and understandable – Principle N

The Board considers that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders and other stakeholders to assess the Group's position, 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, Risk & Ethics 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, Risk & Ethics 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 a Board meeting in March 2023.

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 are 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.

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 page 80.

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

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

As a result of these ongoing procedures, the Board's assessment was that the overall internal control environment was operating effectively, with some areas for improvement noted; please refer to page 82.

- **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 & 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 Ethics & Compliance see page 70.

- **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 2022; 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, Risk & Ethics Committee has been delegated the responsibility to review various aspects of (a) the Group's financial controls, financial reporting and external audit, (b) the Group's Audit & Risk function including operational audit, (c) the Group's risk management controls and processes and (d) the Group's management of its Ethics and Compliance programme.

The Safety & Sustainability Committee has been delegated responsibility for the effectiveness of the Group's management of HSSE, and Sustainability.

The Board and its Committees are assisted by the various Group functions including Group Audit & Risk, 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, or more broadly across operational Group Audit & Risk audits, a plan of action is agreed to remedy these and progress against them is tracked and reported with updates provided to the Audit, Risk & Ethics Committee as necessary.

The Audit, Risk & Ethics Committee receives regular updates concerning ongoing audits. Details of audit updates received by the Committee in 2022 are set out on page 118. The Chairs of the Audit, Risk & Ethics Committee and the Safety & Sustainability 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.

Directors' report continued

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 stakeholder value. The Remuneration Policy and principles support the needs of our business, 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, delivery of the strategy, 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 and a revised policy will be presented for shareholder approval at the 2023 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, stakeholder experience, and wider circumstances.

Further detail on the work of the Remuneration Committee is on page 122.

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 towards 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 operates 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 page 44 describes how the Board's principal decisions taken during the year ended 31 December 2022 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 vision to deliver solutions that transform the world, the Board has:

- implemented a 'go forward' strategy review to build new visions and values following the Built Environment Consulting sale, The review defined and clarified the company's purpose and strategic framework, utilising internal "Tiger Teams" and input from an external consultant. The Board received regular updates of the review as a standing agenda item during the year, allowing them to debate and align the path forward.
- Approved the refreshed strategy that is underpinned by three strategic pillars: creating an inspired culture, delivering performance excellence and achieving profitable growth. Those pillars signify our focus on meeting the needs of three important stakeholder groups – our employees, our clients and our shareholders. The strategic pillars provide a platform to deliver solutions across two end markets: Energy and Materials and realise our vision of delivering solutions that transform the world.
- Recognised that building an inspired culture is core to our strategy and therefore critical to the success of our business overall. With an inspired culture, we can ensure performance excellence and deliver profitable growth. 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 74).
- Engaged with our shareholders via a perception study to ensure we understood their views and our refreshed strategy generates profitable growth.
- 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 42); and our credit investors (see page 39); 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 page 40).

Profit forecast

In our trading update on 13 January 2023, 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 $375 million to $385 million and adjusted EBITDA margin of around 7.1%". Full year adjusted EBITDA was $385 million and adjusted EBITDA margin was 7.1%.

Disclosures under Listing Rule 9.8.4R

Disclosures in relation to listing rule LR 9.8.4R where applicable are included in note 23 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 80 to 87 and details of the actions the Company is taking to manage and minimise our impact are set out on page 50 to 59.

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 2022, 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 page 66 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

Directors' report continued

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 108 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 2022 annual general meeting shareholders passed a resolution authorising the Company to purchase its own shares up to a maximum number of 69,183,937 ordinary shares. During the year ended 31 December 2022 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, 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 87 and the directors' report set out on pages 92 to 101 were approved by the Board on 16 March 2023 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 38 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 165 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 Guidance and Transparency Rules to be prepared in accordance with UK-adopted international accounting standards.

The Company financial statements are prepared in accordance with FRS 101 "Reduced Disclosure Framework".

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

In preparing each of the Group and Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether they have been prepared in accordance with UK-adopted international accounting standards;
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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;
- Implementing such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- Taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- Preparing a strategic report, directors' report, annual report on directors' remuneration and Corporate Governance statement that complies with applicable law and regulations; and
- Ensuring the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

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

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The strategic report and directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; 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 16 March 2023 and is signed on its behalf by:

Ken Gilmartin
Chief Executive Officer

David Kemp
Chief Financial Officer

Board of Directors

Roy A Franklin OBE
N

Chair

Appointed: 2017
Chair since September 2019

Contribution to the Company
Roy brings to the Board more than 49 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 Paladin Resources until its acquisition by Talisman Energy in 2005. Since then Roy has served on a number of international energy boards in non-executive roles, including Amec Foster Wheeler plc. He is a former Chair of Keller Group PLC and former deputy Chair of Equinor A/S. Until 25 February 2021, Roy was Chair of privately held Energean Israel Ltd and until 31 March 2021 was Chair of Premier Oil plc.

Ken Gilmartin

Chief Executive Officer

Appointed: 2022

Contribution to the Company
Ken joined Wood in September 2021 as the Group's COO, and was appointed CEO and an executive member of the Board of Directors in July 2022. Ken brings a wealth of industry experience and excellent strategic and leadership skills to Wood and is focused on building on Wood's strong foundations to capture growth opportunities in energy security and sustainability, and deliver value for shareholders over the medium term.

Experience
Ken began his professional career over 25 years ago in civil engineering with Deutsche Bahn and prior to joining Wood, spent 15 years at Jacobs in various Operational and Project leadership roles including, Executive Vice President of their People and Places solutions business holding responsibility for more than half of Jacobs' overall business portfolio.

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 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.

Key to Committee membership

- A Audit, Risk & Ethics
- N Nomination
- R Remuneration
- S Safety & Sustainability
- Chair

Former directors who served for part of the financial year

Robin Watson
Chief Executive Officer
Appointed: 2013
Resigned: July 2022

Thomas Botts
Non-executive Director
Appointed: 2013
Resigned: June 2022

Nigel Mills

A N R

Non-executive and
Senior Independent Director

Appointed: 2020

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

Experience
Nigel is senior independent director of Persimmon Plc, where he also served as acting Chair for six months in 2018, and in March 2023 he was appointed as a non-executive director of Greggs plc. His executive career was in investment banking, as Chair of Corporate Broking at Citi and Chief Executive Officer 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 has been a non-executive director of Tesco Bank since April 2018 and, in January 2023, she was appointed Interim Chair and she is 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 three-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 Wood continues to strengthen its expertise within renewable energy. Birgitte adds to the balance of skills and diversity of views on the Board.

Experience
Birgitte is a board member of Milton Huse A/S and is a non-executive director of the Danish based road contractor, Arkil Holding A/S, and of 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.

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 CHM2 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 and has recently announced his intention to resign in September 2023. He was previously Head of Tax, Treasury and Corporate Finance at Tesco plc and has also held divisional CFO positions at both AstraZeneca PLC and Pilkington plc.

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.

Corporate governance

Executive Leadership Team

Ken Gilmartin
Chief executive officer

Craig Shanaghey
Executive President, Projects

Jennifer Richmond
Executive president, Strategy & Development

David Kemp
Chief financial officer

Steve Nicol
Executive President, Operations

Mike Collins
Executive President, Business Sustainability & Assurance

Azad Hessamodini
Executive President, Consulting

Lesley Birse
Executive President, People & Organisation

Martin McIntyre
General Counsel and Company Secretary

Executive Leadership Team
The ELT operates under the authority of, and reports directly to, the Chief Executive Officer and comprises the Chief Executive Officer, Chief Financial Officer, the Executive Presidents of our three business units (Consulting, Projects and Operations), and the Executive Presidents of our four Group functions, namely Business Sustainability & Assurance (formerly known as Health, Safety, Security, Environment & Sustainability), People & Organisation, Strategy & Development and Legal, Ethics and Compliance. The ELT supports the Chief Executive Officer with the development and implementation of Group strategy and with the management of the business operations of the Group.

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

Executive Leadership Team and business unit update
There were a number of changes to our Executive Leadership Team during 2022 and the first quarter of 2023.

In January 2022 Martin McIntyre joined the Executive Leadership Team in his role as Group General Counsel & Company Secretary. Martin joined Wood in 2000, becoming General Counsel and Company Secretary in 2018 and currently leads the Legal, Ethics and Compliance function.

In January 2022 Andrew Stewart resigned from his position as Executive President – Strategy & Development. He was replaced by Azad Hessamodini who held the interim position until the appointment of Jennifer Richmond in April 2022. Jennifer joined our business at a pivotal time as we refreshed our strategy and has an outstanding track record in delivering best-in-class solutions for clients, leading transformational programmes and identifying strategic growth areas.

In March 2022 Andy Hemingway, was appointed as Executive President – Consulting, but took the decision to leave the role, and Wood, in May 2022. He was replaced by Azad Hessamodini who joined the Executive Leadership Team on 1 May 2022 as Executive President – Consulting progressing from his previous role as President – Growth and Development. Azad is a strategic, dynamic, and proven leader, with in-depth knowledge of our business and holds many trusted relationships across our teams and with our clients.

In July 2022 Ken Gilmartin was appointed as Chief Executive Officer having previously been Chief Operating Officer following Robin Watson's decision to retire.

In July 2022 Stephanie Cox resigned from her position as Executive President – Operations. She was replaced by Craig Shanaghey who was President – Operations for Europe, Middle East and Africa (EMEA). Craig held the position until February 2023 when he was appointed Executive President – Projects. Craig is a seasoned, successful, and proven leader with a focus on successfully growing our Operations business, getting closer to our clients and strengthening our position in the market.

In September 2022 Joe Sczurko Executive President – Environment & Infrastructure Consulting left Wood subsequent to the Built Environment Consulting sale.

Tragically, in September 2022, Nina Schofield, Executive President – HSSES died from injuries sustained in a road traffic accident. Nina Schofield, had been a member of the Wood family for close to two decades and led the HSSES function for the past eight years.

In February 2023 following a very careful and sensitive new appointment process, Mike Collins was appointed as Executive President Business Sustainability & Assurance (formerly HSSES), moving from his role as Executive President – Projects.

In February 2023 Craig Shanaghey was replaced by Steve Nicol as Executive President – Operations. Steve has been successful in his previous leadership roles in the Group as CFO of the Operations BU and most recently as our deputy CFO. He is an accomplished leader who recognises the importance of energy security and is passionate about the role the Group can play in energy transition.

Role of the Board and Committees of the Board

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, Committee, the Nomination Committee, the Audit, Risk & Ethics Committee and the Remuneration Committee. The structure of the Board Committees is subject to ongoing review to ensure the highest standards of governance. In August it was decided that responsibility for the Ethics & Compliance and Operations Assurance functions should be assumed by the Audit Committee. The Audit Committee was renamed the Audit, Risk & Ethics Committee and the Safety, Sustainability, Assurance & Business Ethics Committee was renamed the Safety & Sustainability Committee. The work of these Committees is supported by members of the ELT and other senior management.

The Company Secretary provides advice and support to the Board.

Safety & Sustainability Committee

Is appointed by the Board to oversee the Group's management of Health, Safety, Security, Environment & Sustainability (HSSES), consistent with the Group's values, purpose and strategy.

Read more on page 113

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 115

Audit, Risk & Ethics Committee

Responsible for various aspects of (a) the Group's financial controls, financial reporting and external audit, (b) the Group's Audit & Risk function including operational audit, (c) the Group's risk management controls and processes and (d) the Group's management of its Ethics & Compliance programme.

Read more on page 118

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 122

Additional Committees established by the Board

Investigations Oversight Committee

An Investigations Oversight Committee was established following certain concerns raised internally relating to the carrying value of the Aegis Poland Project and subsequent delay to the announcement of the annual report and accounts. More details can be found at page 44 – Principal Decisions.

The Committee was stood down upon conclusion of the investigation.

The members of the Committee were Roy Franklin (Chair) and Adrian Marsh. Ken Gilmartin attended the meetings of the Committee.

Group Risk Committee

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

The Committee comprises the members of the ELT and the General Counsel. The President – Group Audit & Risk 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 stood down in 2022 following a review of the current state of the Covid-19 pandemic.

Corporate governance continued

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 93 to 98.

Board composition

The Board comprised ten directors until June 2022 and then nine directors for the reminder of the year. Thomas Botts resigned as a non-executive director with effect from 22 June 2022, after nine years of service. Robin Watson resigned as a director and Chief Executive Officer with effect from 1 July 2022 and Ken Gilmartin was appointed in his place.

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 115

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 Officer.

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 Officer is an executive director and is responsible for running the business of the Group in close collaboration with and with the support of the ELT. The Chief Executive Officer's responsibilities include providing coherent leadership of the Group with the Chair consistent with the Group's vision and values, developing Group objectives and strategy for approval by the Board, effectively leading the executive directors in the day-to-day running of the Group's business and setting out the Group's culture, values and behaviours.

The Senior Independent Director acts as a sounding board for the Chair and provide support to the Chair in the delivery of the Chair's 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 Officer. 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 Board regularly reviews the independence of non-executive directors.

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

For brief biographies of the directors see pages 102 and 103

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 review of the effectiveness of the Board, Committees and individual directors.

Board independence

After careful consideration, the Board considers that all of its non-executive directors were independent in character and judgement, and that there were no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Thomas Botts resigned as a non-executive director with effect from 22 June 2022, his resignation being in line with the principles of the Governance Code regarding the tenure of independent directors.

Conflicts of interest

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

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

Board re-election

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

Evaluation of performance

In order to evaluate its own effectiveness, the Board undertakes annual effectiveness reviews using a combination of externally facilitated and internally run evaluations.

During 2022, Lintstock, a corporate advisory firm, undertook independent evaluations of the Board and its Committees.

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 evaluation was conducted utilising survey questionnaires 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.

The results of the evaluation were reviewed by the Board and Committees during the November 2022 Board meeting.

The top priorities for the Board were identified as:

- Meeting management, focus and prioritisation and improving the quality of Board reporting
- Engagement with management and providing appropriate support and challenge
- Overseeing implementation of the new strategy
- External engagement, particularly with investors

In early 2023 Nigel Mills, Senior Independent Director, spoke to each director (executive and non-executive) and will also discuss the Chair in his absence. He will also discuss the Lintstock evaluation with the Board as a group without the Chair present early in April 2023.

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 114, 117 121 and 124.

Board development

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

- Market backdrop and share price performance, valuation analysis on consensus and management forecasts and potential third-party approaches and shareholder activism
- Board responsibilities under the Modern Slavery Act
- Investor perception
- Director responsibilities: preparation and publication of accounts
- UK regulatory considerations; key features of the UK Takeover Code and the Board's responsibilities, including their fiduciary duties

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

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

Corporate governance continued

Sustainability of the Group's business model

The Board considers that climate change is appropriately addressed as a contributing factor to other principal risks and that it is not necessary to identify it as a separate risk. The impacts of climate change on the resilience of our business model are reflected in two of our principal risks: ESG strategy and performance and Strategic Delivery. In addition, our Project Execution risk considers any material climate-related physical risks that impact on our ability to successfully execute projects. The Group Risk Committee and the Board have continued to monitor climate change impacts through their oversight of the principal risks.

The Board believes that Wood plays a vital role in addressing climate change through its strategy aligned to solutions for a net-zero future, the technical solutions it provides to clients related to energy transition and decarbonisation and the actions it is taking to minimise 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 the UN Global Goals for Sustainable Development.

More information on the impact of climate-related matters can be found in our 2022 TCFD report.

Engagement with shareholders

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

During 2022, in addition to periodical market updates and our interim and full year results, shareholder engagements took place as part of an investor perception survey.

2022 saw a return to in-person meetings and we were able to invite shareholders to attend our AGM, held on 22 June 2022. In order to allow shareholders to participate as much as possible, we also facilitated submission of questions in advance of the AGM through our website.

Engagement between significant shareholders and the Chair proceeded as normal. The engagement focused on Wood's medium-term strategic objectives and capital allocation, and later in the year engagement focused on the Capital Markets Day and strategic review in November.

Major shareholdings

The table below shows the holdings of major shareholders in the Company's issued ordinary share capital, as at 31 December 2022, as notified and disclosed to the Company in accordance with the Disclosure Guidance and Transparency Rules.

Shareholders	No of shares	% of shares[1]
Liontrust Investment Partners LLP	41,452,814	5.99%
Schroder Plc	37,098,551	5.36%
FIL Limited	35,594,123	5.14%
FMR LLC	35,255,690	5.09%
abrdn plc	34,373,800	4.99%
Pzena Investment Management, Inc.	34,507,237	4.98%
Franklin Templeton Institutional, LLC	33,950,724	4.90%
Ameriprise Financial	33,776,060	4.88%
Artisan Partners Limited Partnership	33,601,505	4.85%
Kiltearn Partners LLP	23,028,390	3.32%

1. Percentages provided were correct at the dates of notification.

The following changes in the interests disclosed to the Company have been notified between 31 December 2022 and 3 April 2023:

- On 1 March 2023 Schroders Plc disclosed that their percentage interest in the ordinary share capital of the Company was 4.90% (33,900,442) ordinary shares).

Board and Committee attendance 2022

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

	Board (scheduled)	Board (additional)	Safety & Sustainability Committee	Nomination Committee	Audit, Risk & Ethics Committee	Remuneration Committee
Roy Franklin	7/7	7/7	–	7/7	–	–
Robin Watson*	4/4	6/7	–	–	–	–
Ken Gilmartin**	3/3	–	–	–	–	–
David Kemp	7/7	7/7	–	–	–	–
Nigel Mills	7/7	7/7	–	7/7	6/6	7/7
Jacqui Ferguson	7/7	6/7	–	7/7	6/6	7/7
Birgitte Brinch Madsen	7/7	4/7	4/4	6/7	–	–
Thomas Botts***	4/4	7/7	2/2	6/6	–	–
Susan Steele	7/7	6/7	4/4	6/7	6/6	–
Adrian Marsh	7/7	7/7	4/4	7/7	6/6	–
Brenda Reichelderfer	7/7	7/7	–	7/7	–	7/7

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.

As noted on page 110, a number of additional meetings were arranged during the year to deal with certain matters outside the normal schedule of meetings. Certain meetings were arranged at short notice and, accordingly, in some cases directors were unable to attend; the relevant directors discussed their views with the Chair ahead of the relevant meetings. Those instances are noted in the table above.

* Robin Watson resigned on 1 July 2022.

** Ken Gilmartin was appointed on 1 July 2022.

*** Thomas Botts resigned on 22 June 2022.

IP In-person
V Video conference

Corporate governance continued

Board programme and agenda

The Board typically schedules four in-person meetings and three calls throughout the year.

During 2022 a total of 14 board meetings took place: five "in-person" board meetings (four held in the UK (Aberdeen and London/Reading) and one held in the US (Houston)) and nine Board calls (all held via video conference). The majority of the additional meetings held in 2022 were dedicated to matters arising from the Built Environment Consulting sale.

The following are covered as standing agenda items:

- Review of Governance and reports from the Safety & Sustainability, the Audit, Risk & Ethics and the Remuneration Committees, and the CEO report
- Operations updates and functional updates from HSSES, P&O, Strategy & Development, Legal, Ethics & Compliance and Finance & Administration (including Investor Relations, IT, Tax & Treasury and Commercial)

The Board also receives presentations from management and discusses other matters arising some of which are set out in the table on pages 111 to 112.

Safety & Sustainability

Activity

- Updates were received at each meeting on the activities of the Safety & Sustainability Committee and from the Executive President – HSSES
- Reports were received directly from the Chief Executive Officer, Chief Ethics & Compliance Officer and senior management on specific compliance related matters
- The Board was briefed on the current status of the Covid-19 pandemic including its impact on Wood employees globally
- HSSES performance updates were delivered including detailed updates all key disciplines
- Progress against Wood's sustainability targets was reviewed and considered to be aligned to the required trajectory to achieve the targets
- Strong progress across the business in the area of Mental Health Awareness in light of the ongoing change in working methodologies post pandemic
- Monitored developments regarding the imposition of sanctions on Russia and their impact on Wood's operations in Russian territories or with Russian-owned clients

Outcome/progress:

- Wood's response to the Covid-19 pandemic was well executed and in line with best practice which enabled the business to maintain operations globally throughout 2022
- Safety Performance throughout 2022 was excellent with continuing good progress against key metrics and the introduction of a new targeted metric called Serious Injury or Fatality (SIF)
- The Modern Slavery and Human Trafficking 2022 statement was approved
- Improved awareness and focus on the importance of Mental Health resulting in maturing conversations across the business
- Reviewed the controls in place to ensure compliance with any sanctions and provided oversight to Wood's response to the situation resulting in the decision to exit Russia and withdraw from operations in the country

Strategy

Activity

- Strategic review and subsequent Built Environment Consulting sale process.
- Refreshing the Group's strategy following the Built Environment Consulting sale. Planning and preparatory work (which included engagement with an external consultant and internal engagement via "Tiger Teams") was reviewed and regularly discussed at Board meetings throughout the year. Interim updates were provided to the Board during the year. A Capital Markets Day was held in November in order to update investors on strategic objectives.
- The Board considered a number of strategic options in addition to refreshing strategy including strategic M&A.
- The Board considered the impact of certain categories of risk to the successful implementation of the refreshed strategy.

Outcome/progress:

- The CFO provided updates on the Built Environment Consulting sale throughout the year and the Board approved the sale process follow the strategic review
- The Board received regular updates on the refreshed strategy throughout the year from the CEO, the Executive President of Strategy & Development
- Risks to the refreshed strategy were considered including recession risk, other external risks and internal delivery challenges, ensuring appropriate mitigations were in place to manage those risks
- Other strategic options, including strategic M&A, were considered with the Board deciding that the refreshed strategy was the optimal choice given the impact of the Built Environment Consulting sale and the opportunity to reset the Group's strategy
- The refreshed strategy was approved at the November Board meeting ahead of being presented to the business leadership at a leadership conference in November. Feedback from leadership on the new strategy was positive
- A Capital Markets Day presentation was held in November 2022 to update investors on the Group's medium-to long-term strategic objectives

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
- Interviews with all Board members to reflect on changes to the principal and emerging risks before and following the planned Built Environment Consulting sale and the launch of the new strategy
- Review of risks associated with climate change and review of other emerging risks

Outcome/progress:

- Updated principal risks included in annual and interim reports including as a result of the substantial changes in the year noted above
- Refresh of principal risk owners and mitigations following ELT changes during the year
- Further roll-out and adoption of ProRisk and BRisk apps across the Group for project risk and business risk management

Governance

Activity

- Reviewed the Matters Reserved to the Board policy
- Reviewed the respective charters for the Audit, Risk & Ethics, the Remuneration, the Nomination and the Safety & Sustainability 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
- Responsibility for Ethics & Compliance, Operations Assurance moved from the Safety & Sustainability Committee to the Audit, Risk & Ethics Committee
- The respective Audit, Risk & Ethics, the Remuneration, the Nomination and the Safety & Sustainability 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 regularly updated

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, April and August concerning dividend policy and reviewed whether payment of dividends was appropriate given the level of net debt held by the Group
- The Board recognises the importance of dividends to shareholders and is committed to reviewing the policy in the future

Review of financial results

Activity

- Updates were received at each meeting from the CFO, including reports of progress against forecast
- Updates from the CEO
- 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, Risk & Ethics Committee
- Review of future financing options following the Built Environment Consulting sale

Outcome/progress:

- Reports reviewed, challenged and approved for release
- Debt and cash performance reviewed and challenged
- The Audit, Risk & Ethics Committee reported on matters including: Group Audit & Risk activity; financial results and independence of the external auditors
- Proceeds from the Built Environment Consulting sale used to repay certain debt facilities and debts

Corporate governance continued

People and succession planning

Activity

- Retirement planning of Robin Watson. Search process internal and external for new CEO, concluding in implementation of internal succession plan and the appointment of Ken Gilmartin
- Succession planning, development and appointment for Executive President Business Sustainability & Assurance post the untimely death of Nina Schofield, Executive President Operations and Executive President Projects
- Reviewed succession plans in place for the Board, ELT and other senior management positions in the Group taking into account the future strategy of the Company and the need for a focus on diversity, particularly but not exclusively gender
- Reviewed the Company's various initiatives on Inclusion & Diversity
- Overview of the Employee Engagement Framework as input and review of employee engagement survey data as a measure of success (output)

Outcome/progress:

- New CEO, Executive President Business Sustainability & Assurance, Executive President Operations and Executive President Projects appointed following detailed process
- The Board noted the succession plans for senior executives and senior management. They were encouraged to see the plans executed during the year, with three successors appointed to ELT positions, and subsequent successors appointed within the broader business. The Board challenged the diversity of the succession pipeline and were pleased to note the increased focus on gender diversity for P&L roles, and encouraged by the appointment of a functional leader into a BU executive president role
- The Board was regularly updated on progress of the engagement action plans and was pleased to note a significant improvement in Wood's employee net promoter score during the year. The Board valued participating in Listening Group Networks, and reward focus groups, to enable them to hear the wider employee voice. The considerable and successful effort on engagement has helped to mitigate the potential risk of high voluntary turnover in an active labour market with high demand
- Overview of leadership development activity including process in our Leading Beyond programme

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 engaged with its investors via an investor perception survey
- The Board received regular updates from the Executive President People & Organisation on employee engagement
- A Capital Markets Day presentation was held in November 2022 to update investors on the Group's medium-to long-term strategic objectives
- The Board reviewed its obligations under the Governance Code for meaningful engagement with its stakeholders, including the workforce

Outcome/progress:

- Significant shareholders have the opportunity to meet with the CEO at least twice a year around the interim and final results announcements and with the Chair around the Annual General Meeting.
- The AGM was held on 22 June with shareholders being invited to attend in person following the end to Covid-19 restrictions on public gatherings. Shareholders were invited to submit questions in advance of the AGM through our website
- Engagement with investor proxy agencies took place upon request
- Our established employee networks continued to meet, in line with our commitment to listen to our workforce, with a non-executive director actively participating in each session. Feedback was delivered to the Board

Safety & Sustainability Committee

"In 2022, the Committee's remit was adjusted to further increase its focus on sustainability reflecting the importance of the achievement of sustainability objectives and targets to Wood's overall success. The Committee also endorsed a new metric to improve safety performance."

Susan Steele
Chair, Safety & Sustainability Committee

Committee meetings in 2022

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		V		V			V			IP	

Membership

Thomas Botts Chaired the Safety and Sustainability Committee until stepping down from the Committee following his resignation as a non-executive director in June 2022. Sue Steele, Adrian Marsh and Birgitte Brinch Madsen served on the Committee throughout the year and Sue Steele was appointed as Chair in June 2022. The Chairman, CEO, Executive President of HSSES and, prior to the change in the Committee's remit, the General Counsel and 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 and sustainability strategy and performance
- Effectiveness of the organisation's policies and systems and evidence of a prevalent safety culture
- Effectiveness of the Group's sustainability management approach, including risks and the setting and achievement of targets
- HSSE and leadership development throughout the Group, particularly in frontline operations
- Quality and integrity of reporting of HSSE and sustainability performance
- Preparedness for response to a major HSSE incident
- Process for and outcomes of investigations into major HSSES incidents and the effectiveness with which recommendations are assimilated throughout the Group
- Expertise and appropriateness of the structure of the HSSES and Compliance function throughout the organisation
- Adequacy and effectiveness of the Assurance programmes for HSSE and sustainability
- Effectiveness of Board and senior management competency to meet its HSSE and sustainability obligations

Read the Safety & Sustainability Committee Charter at:
woodplc.com/sandscommittee

IP In-person
V Video conference

The Safety and Sustainability Committee is responsible for overseeing the Group's management of Health, Safety, Security and Environment (HSSE) and Sustainability in line with the Group's values purpose and strategy. The Committee changed its title during the year from Safety, Sustainability, Assurance and Business Ethics Committee and updated its charter, as a result of the transfer of oversight for business ethics and assurance matters to the Audit, Risk and Ethics Committee. This change was made to reflect the internal reorganisation of our Ethics & Compliance function now reporting to our General Counsel. It also enables the Committee to ensure an ongoing high level of oversight on safety issues whilst also recognising the continued growing importance of sustainability matters.

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

Safety & security

The Committee continued to monitor and manage the impacts of the Covid 19 pandemic during 2022. 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. As the impacts of the pandemic began to subside, the Crisis Management Team were stood down with responsibility being passed to Incident Management Teams in the business units. This evolving response to the pandemic was seen as both appropriate and effective in minimising business disruptions. The Committee received monthly 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.

Safety & Sustainability Committee continued

The Committee reviewed HSSE performance on a group-wide as well as undertaking deep-dives on an individual business unit basis. Whilst recognising that Wood's safety performance had been consistent, there is a need to drive greater improvements. As a result, the Committee endorsed the introduction of Serious Injury and Fatality metric. The metric is intended to be a measure of actual and potential fatalities and serious injuries that are considered either life threatening or life altering and sets a foundation for establishing an improvement target going forward.

The Committee also monitored the escalating tensions between Russia and Ukraine providing oversight to the management of the potential impact on the security of our people in both countries and were satisfied that the transition plans put in place were effective to ensure the safety and security of our people.

Sustainability

In 2021, the Committee reviewed and endorsed Wood's Sustainability Targets. 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 UN Sustainable Development Goals objectives. Throughout 2022, the Committee monitored and reviewed progress towards the targets as well as providing oversight to the materiality assessment undertaken in 2022 to ensure that Wood's sustainability strategy continues to align to the expectations of our key stakeholder group. In addition, the Committee reviewed information relating to benchmarking Wood's sustainability performance compared to peers. While it was noted that Wood compares favourably to its peers, this is an evolving area and continuous improved is required to maintain this position.

As part of the commitment to continuous improvement, the Committee approved the development of a sustainability hub on Wood's external website to increase external disclosures on our sustainability agenda and provide agility to respond evolving stakeholder requirements. The Committee supported the strengthening of the core sustainability team endorsing the appointment of a Vice President of ESG Governance. This role is focused on enhancing disclosure breadth and depth as regulatory requirements evolve requiring increased data disclosure.

The Committee endorsed the revised Modern Slavery & Human Trafficking Statement in pursuance of Wood's legal obligations under the Modern Slavery Act 2015; leading to substantive discussion on Wood's approach to drive Building Responsibly principles into the supply chain which is a key target supporting Wood's approach to the Act.

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 prior to oversight for these matters being passed to the Audit, Risk and Ethics Committee during the year. This included oversight for the organisational arrangements and requirements that were put in place to ensure compliance with the settlement commitments related to investigations concluded in 2021.

In addition to the potential security implications, the Committee monitored developments regarding the imposition of sanctions on Russia and their impact on Wood's operations in Russian territories or with Russian-owned clients. The Committee reviewed the controls in place to ensure compliance with any sanctions and provided oversight to Wood's response to the situation resulting in the decision to exit Russia and withdraw from operations in the country.

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 2021. 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. A key priority for 2022 and rolling into 2023 is our continued focus on digitisation. Connecting our comprehensive HSSES statistics into machine learning and artificial intelligence software offers the promise of truly proactive HSSES management.

Committee evaluation

In October, 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 Safety & Sustainability Committee was rated highly overall. The key areas for focus going forward were identified as maintaining the high standards of oversight for safety matters while continuing to mature the oversight of sustainability matters to keep pace with the rate of change in this area. The change in the Committee's remit earlier in the year was seen as an important step to enable these areas of focus.

Following the tragic loss of Nina Schofield, Executive President of HSSES, in 2022, the Committee was pleased to endorse the appointment of Mike Collins as Business Sustainability and Assurance Executive President. The Committee would like to acknowledge the significant contribution Nina made during her tenure at Wood.

Read our Sustainability Report:
woodplc.com/company/sustainability

Read the Modern Slavery & Human Trafficking Statement:
woodplc.com/modernslavery

Nomination Committee

"In 2022, the Committee focused on the appointment of a suitable candidate to replace the retiring Chief Executive Officer (CEO), independence of non-executive directors and the effectiveness of the Board and its leadership."

Roy A Franklin
Chair, Nomination Committee

Committee meetings in 2022

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	V	IP	V	IP V	V					IP	

Membership

The Nomination Committee comprises the Chair and the independent non-executive directors. Thomas Botts stepped down from the Committee in June 2022 following his resignation as a non-executive director. It was decided that a decision on a possible replacement for Mr Botts would be deferred to allow the Committee to consider the position following the Built Environment Consulting sale and refreshed strategy during 2022.

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 and overseeing the development of a diverse pipeline for succession
- Monitoring non-executive director independence and external appointments

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

IP In-person
V Video conference

Work of the Nomination Committee

The purpose of the Committee is to lead the process for Board appointments, ensuring formal, rigorous and transparent procedures and making recommendations to the Board to ensure plans are in place for an orderly succession to both the Board and senior management positions.

The Committee oversees the development of a robust Executive Leadership succession plan with a lens on creating a diverse pipeline of leadership talent.

The Committee also regularly reviews the composition of the Board sub-committees, the independence of the non-executive directors and external appointments.

The Committee held seven formal meetings during 2022 with a focus on the appointment of a suitable candidate to replace the retiring CEO.

Board appointments

During 2022 the Committee appointed a global, reputable search firm to assist in developing an objective, success profile for CEO position with subsequent search and assessment support. They provide only senior level recruitment services to Wood and were considered sufficiently independent and suitably experienced by the Board to carry out such an exercise.

In April 2022 it was announced that Robin Watson intended to retire as CEO, once a successor was appointed. The Committee utilised the CEO Success Profile and, following an extensive search and independent assessment process involving both internal and external candidates, unanimously recommended the appointment of Ken Gilmartin as CEO of the Company

Ken was appointed, and Robin Watson resigned, as CEO on 1 July 2022. Robin remained an employee of Wood until 30 September, 2022 in order to facilitate an orderly transition.

Nomination Committee continued

Independence

The Board also regularly reviews non-executive director independence. After careful consideration, the Board confirmed that it regarded each non-executive director as independent for the purposes of the 2018 UK Corporate Governance Code ("the Governance Code"). All non-executive directors are considered to be independent in character and judgement; with no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

External appointments

The Board requires all directors to declare any external appointments and has procedures in place to monitor and approve such appointments to ensure the director continues to devote sufficient time and commitment to the Company.

The following changes to external appointments occurred during 2022:

- David Kemp resigned as a director and governor of Albyn School Limited
- Jacqui Ferguson was appointed as chair of the remuneration committee of Croda International plc, a company of which she was already a non-executive director
- Adrian Marsh was appointed as Grand Secretary of the United Grand Lodge of England
- Birgitte Brinch Madsen was appointed as a board member of Milton Huse A/S and also resigned as a board member of Nordsøfonden/Nordsøenheden

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 ELT 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 Board's succession planning on a regular basis, including consideration of the length of service of the Board as a whole, to ensure that changes to the Board are proactively planned and co-ordinated. The Committee 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.

For changes to the ELT during 2022 see page 104.

The Committee recognises that the Board currently has no ethnic minority representation and does not yet meet the recommendations of the FTSE Women Leaders 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.

Inclusion & Diversity
Wood is committed to its Inclusion & 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 diversity and inclusion strategy framework, including:

- improved gender and diversity representation in senior leadership roles and across the organisation
- development of employee initiated and led Inclusion & Diversity networks to provide platforms for our employees to connect, learn, challenge and to share views. The networks provide a channel for employees to share and also to provide feedback on what Wood is doing well and to recommend improvements. Our employee networks are open to everyone in the Company's global community
- the development of leadership champions at all levels who help drive Wood's Inclusion & Diversity activities, championing those in under- represented groups. Our Inclusion & Diversity 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.

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.

During 2022 the number of female Board members was at least one-third and at 31 December 2022 was 44%.

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.

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

Committee evaluation

Lintstock also facilitated evaluations of each of the principal committees, including the Nomination Committee. The performance of the Committee was rated positively overall and would be improved further over the coming year by focusing on succession planning.

Audit, Risk & Ethics Committee

"As the Group returns to growth in 2023, a strong financial control, risk and ethics environment with more standardised and consistent processes is central to supporting sustainable business growth."

Adrian Marsh
Chair, Audit, Risk & Ethics Committee

Committee meetings in 2022

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	V	IP	V	IP			IP			IP	

IP In-person
V Video conference

Membership

Adrian Marsh chaired the Audit, Risk & Ethics (ARE) Committee throughout 2022. Adrian has recent and relevant financial expertise and is currently Group Finance Director of DS Smith PLC, although Adrian indicated to the board of DS Smith in September 2022 that he will retire from that role during 2023. Nigel Mills, Jacqui Ferguson and Susan Steele also served on the ARE Committee throughout the whole year. As Group Chair, Roy Franklin is not a member of the ARE Committee but attended all meetings in 2022 by invitation, and all other non-executive directors are welcome to attend any meeting. The Chair of the Committee reports to each Board meeting on the activity of the Committee. The Committee has a written charter, which is reviewed annually, setting out its roles and responsibilities.

Main responsibilities:

- Compliance with financial reporting standards and relevant financial reporting requirements
- Consideration of the financial and IT internal control environment
- Consideration of the Group internal audit programme and results
- Review of the external audit relationship and provision of non-audit services
- Oversight of the Group's Ethics & Compliance programme
- Review of procedures for whistle-blowing and ensuring such arrangements support proportionate and independent investigation of such matters
- Oversight of the Group assurance team, encompassing internal audit and Group operations audit

Read the Audit, Risk and Ethics Committee charter at:
woodplc.com/auditcommittee

In early 2022 the Committee reviewed the results of an external investigation 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 earlier review that had been instigated following concerns raised internally. The Committee concluded that no changes to the historical carrying value of the project were required and no immediate actions were required following the investigation. However, the Committee 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. As a result of this review, from August 2022, the Audit Committee was renamed the Audit, Risk & Ethics Committee and the Charter was extended to include management of the Group Ethics & Compliance programme and oversight of the newly combined Group audit team, encompassing internal audit and Group operations audit.

The Committee met six times in 2022. The February and April meetings were held by video conference and the March, August and November meetings were held in person. In addition to the members of the Committee, the Group CFO, the Group Financial Controller, the President of Group Audit and Risk, and the external auditors, KPMG, attended all Audit Committee meetings. The Group General Counsel and Chief Ethics and Compliance Officer attended the August and November meetings. During the year other relevant people from the business presented to the Committee on the topics as set out below. The Chair of the Committee also held regular update calls with the CFO and President of Group Audit & Risk. The President of Group Audit & Risk, the Chief Ethics & Compliance Officer and the external auditors have the right of direct access to the Chair of the Committee at all times and to meet the Committee without management present.

KPMG continued as auditors of the Group, having been in place since 2018 and the Committee spent time with the auditors during the year understanding their audit approach, the key judgement areas and risks they identified and the outcomes of their work.

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

February

- Review of the material issues and key areas of accounting and tax judgement impacting the 2021 Group financial statements including the classification of exceptional items, goodwill impairment reviews, the going concern assessment, dispensations from Group accounting policies, material provisions, uncertain tax positions and the accounting for significant contracts
- Update on KPMG's audit status, independence and preliminary conclusions
- Approval of KPMG's non-audit fees
- Review of internal audit reports and status

March

- Review of the internal audit annual summary for 2021
- Review of the internal audit annual summary for 2021 and the overall Internal Financial Controls Assessment
- IT security update

April

- Review and recommendation to the Board for approval of the 2021 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 2021 external audit work and audit opinion, including discussion of their key findings and judgmental areas
- Review and approval of the 2021 Audit Committee Corporate Governance Report
- Review of the results of an external investigation undertaken, principally in relation to the historical carrying value of the Aegis Poland project contract and the process by which this was determined.

May

- Review with the Operations Business Unit President Finance & Administration on the process and internal controls within that business
- Review of internal audit reports and status against the 2022 plan
- Status update on the planned combination of the internal audit and Group operations assurance teams from the President Group Audit & Risk
- IT Strategy update with the Group CIO and Chief Information Security Officer.

August

- Review and recommendation to the Board of the 30 June 2022 Group interim financial statements including key accounting and tax judgements, going concern, goodwill impairment reviews, and classification of exceptional items
- Update on KPMG's 2022 interim financial statements external review findings, review opinion and discussion of their key findings
- Status update on the combination of internal audit and Group operations assurance teams as Group Audit
- Review of Group audit reports and status of 2022 internal audit and Group operations assurance plans
- Review of KPMG's full year 2022 draft audit scoping
- Review with senior business leadership of an unsatisfactory audit report in the Projects business unit and actions taken
- Effectiveness review of internal and external audit
- Review of the Ethics & Compliance (E&C) risk areas and programme
- E&C updates on the Anti Bribery Anti Corruption (ABAC) programme, culture and engagement, sanctions risk assessment
- E&C case overview
- IT security update

November

- Review of material upcoming year end accounting judgements and issues
- Review with senior business leadership of an unsatisfactory audit report in the Consulting business unit and actions taken
- Approval of KPMG's 2022 external audit plan and approval of audit fees
- Status update on KPMG's pre year end audit work and pre year end planning
- Review of KPMGs external regulatory performance
- Status update on the combination of internal audit and Group operations assurance as Group Audit
- Review of Group Audit reports issued and status update against the 2022 plans in place
- Review and approval of the draft 2023 Group Audit Plan (combined internal audit and Group operations assurance)
- Review with the Vice President ESG Governance on assurance plans for the 2022 annual report
- Audit Committee evaluation
- Review of the Group's Internal Financial Controls Programme and update on roll-out of testing
- IT security update

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 2022 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.

Goodwill impairment reviews

At both half year and the year end, the Committee considered whether indicators of impairment of goodwill existed and the results of any related impairment reviews. At 30 June 2022 indicators of impairment of goodwill were identified in respect of the Projects business unit, therefore, a detailed impairment review was performed at that time. No impairment was necessary, although the committee noted that reasonably possible future changes in discount rates could lead to an impairment and appropriate disclosure should be made in the interim financial statements. At 31 December 2022 impairment reviews were carried out on all business units on as required by Accounting Standards. The Committee's role is primarily to challenge the significant assumptions and estimates made by management to ensure that they are reasonable and appropriate and to review the work done in these areas by KPMG, who identified this as a key audit matter. As a result of the testing management concluded that the Goodwill balance was impaired by $493.2m, primarily in the Operations BU.

Audit, Risk & Ethics Committee continued

The Committee challenged and was satisfied with the assumptions and forecasts used and the results of the reviews, and with the sensitivities disclosed. The significant assumptions were around short and longer-term growth rates, including the impact of current challenging markets, the impacts of energy transition on Wood's core markets and discount rates. The impact of these changes at year end was primarily in the Operations BU which had seen the largest reduction in growth rates and margins since the half year reviews. Sensitivities related to these were performed, further details of which can be found in note 10 of the Group financial statements.

Review of provisions

The Committee considered the appropriateness, adequacy and consistency of approach to provisioning at the 30 June and 31 December balance sheet dates. All material provisions, including those made against uninsured legal claims, asbestos litigation and expected credit losses, are discussed and challenged. The Committee, taking into account the reports of the external auditors, concluded that the positions taken by management were appropriate.

Going concern

At both the half year and the year end, the Committee considered the appropriateness of the going concern basis of preparation and reviewed forecasts prepared by management covering a period of more than 12 months from the date of signing of the Group financial statements. The forecasts used were those approved by the Board and form part of the short and medium-term planning for the Group. The Committee also reviewed the level of committed facilities available to the Group and compliance with the interest cover covenant. The Committee was comfortable that the going concern basis remains appropriate.

Sale of Built Environment Consulting

At year end the Committee reviewed the accounting for the sale of the Built Environment Consulting business including the gain on disposal and the treatment of the gain as an exceptional item.

Reporting measures

The Committee reviewed the interim and year end annual reporting, including the use of alternative performance measures (APMs), such as adjusted EBITDA, on behalf of the Board. The Committee was comfortable that APMs add to stakeholders' understanding of our financial performance and do not detract from the fair, balanced and understandable presentation of our results. The Committee reviewed and challenged the inclusion of items as exceptional at both the year end and half year, with reference to the Group's policy in this area and taking into account KPMG's view of normal custom and practice. The Committee was satisfied that the items noted were sufficiently material by nature or by size or a combination of both to require separate disclosure, and that all such items had been identified.

Review of pensions

The Committee reviewed the accounting for the Group's defined benefit obligations under IAS 19 Pensions at the half year and year end. The Committee reviewed the results of the actuarial review performed on behalf of management by a leading actuarial firm, with a focus on the key underlying assumptions as set out in note 33 to the financial statements. The Committee also considered the appropriateness of recognition of the pension asset under IAS 19. To help with this assessment the Committee received reports from KPMG who use in-house actuaries to review and challenge the assumptions made. The Committee was satisfied with all the assumptions, the disclosures made and the results of the reviews.

Current and deferred tax balances

The Group operates in a number of different tax regimes and a range of judgements underpin the calculations for both current and deferred tax, including uncertain tax positions. In the Income Statement, these can have an impact on both the tax charge and the operating profit. The Committee received a detailed written report on taxation matters at each meeting. Where necessary, the Committee considers advice received from professional advisory firms and concluded that the positions taken were appropriate. The Committee also received updates on work undertaken by KPMG in this area.

Internal financial control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The ARE Committee has been given the responsibility to review the effectiveness of the financial and IT internal control systems implemented by management. This work was informed by regular updates from the President Group Audit & Risk and the results of a detailed self-assessment processes undertaken across the Group. The external auditors also provide feedback on areas of financial or IT control which they wish to bring to the Committee's attention. The Board's assessment of the Group's internal financial and IT control environment, as informed by Group Audit, is effective, with some areas where improvement is needed. More rigorous monitoring and application of project controls is required over a small number of higher risk contracts in the Projects business unit, including the EPC Americas Engineering projects, which are diminishing as no further projects are being pursued. Improvements are also required in the internal controls of non-integrated businesses, particularly in the Consulting business unit, which are not on the common ERP system or supported by the shared service centre. The project to establish a common ERP continued in 2022 with detailed planning and design of a global Oracle Cloud instance. A more consistent control environment was noted for entities hosted in the common ERP environment and supported by the shared service centre. The ARE 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 2021 that a deputy CFO would be appointed to further strengthen the Group team and to relieve some of the pressure on the CFO. It was felt that this, in combination with the governance roles, would further enhance the overall control environment, and this role was filled in 2022.

IT security review

The responsibility for reviewing IT security is delegated to the ARE Committee. At the August 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 2022 and noted that the maturity level had increased against a landscape of increasing cyber risk.

Group audit

Monitoring the activity of the Group Audit function is an agenda item at each Committee meeting. The President of Group Audit & Risk attended all meetings. Each year, the Committee agrees the plan to be carried out and receives regular updates on progress against this plan, including a summary of 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 2022, the internal audit plan continued to recognise the importance of ESG matters with audits focused on the people management aspects of modern slavery and human rights, the sustainability statement, and variable compensation elements. End-to-end process audits were carried out over the procure to pay and record to report cycles on the Oracle Orbis and Voyager platforms, reflecting the increased volumes of transactions handled by the shared service functions, along with an audit of the P&O shared service centre.

In mid-2022, the internal audit and Group operations auditing teams were combined under the leadership of the President Group Audit & Risk. This expanded the remit of the combined Group Audit team to cover project execution, compliance with HSSES, Technical and Quality policies and standards, and clarified Group Audit as the one provider of independent audits across all the Group's principal risks. The 2022 audit plans for each part of the team continued to be executed for the remainder of 2022 and reported to the ARE Committee from August onwards.

For 2023, the Group Audit planning process has been carried out across the full remit of the combined team. Several audits of key projects and locations will cover multiple scope areas including financial controls, commercial controls, and project execution compliance. ESG continues to be a significant part of the audit plan with audits including the Modern Slavery & Human Trafficking Statement and an annual audit of variable people compensation elements. During 2022, EY have continued to be the provider of strategic IT internal audits, under the supervision of the President Group Audit & Risk.

Any other internal audits that require specialist knowledge or language skills outside of the internal audit team's abilities, are wholly or partly outsourced as appropriate. The Chair of the Committee and other Committee members hold private discussions with the President of Group Audit & Risk as necessary during the year outside the formal Committee process.

Ethics & Compliance

As noted the scope of the Committee was expanded in August 2022 to include Ethics & Compliance. In the August and November meetings the Chief Ethics & Compliance Officer and Group General Counsel attended the meetings and gave an update of the E&C programme, an overview of major ongoing cases and at the November meeting gave an update on sanctions risk, which was heightened following the situation in Ukraine. The Committee also discussed the 'Speak Up' report that promoted an open door culture and reviewed the nature and frequency of reports. The Chair of the Committee also periodically meets with the Chief Ethics & 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 2022 the Committee assessed the effectiveness of audit process through consideration of the reporting received from KPMG at the half year and the year end, the robustness of the external auditors' handling of key judgmental areas and the quality of the external auditors' interaction with, and reporting to, the Committee. As a result of the assessment the Committee concluded that the audit process was operating effectively. The Committee also reviewed the standing, experience and tenure of the external audit lead partner, the arrangements for ensuring the independence and objectivity of the external auditors and the nature and level of non-audit services provided. During 2021, following consultation with and agreement from the Company, the KPMG lead partner for 2021 was changed to Paul Glendenning, and 2022 was his second year as partner. 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 2022 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, and noted the exceptions identified by KPMG and set out in their auditor's report had not compromised thier 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, the lead partner was changed by KPMG during 2021 and he will remain in place for the 2022 audit. The Board approved the Committee's recommendation that KPMG be reappointed for the 2023 audit. Accordingly, a resolution proposing the appointment of KPMG as the Group's external auditor will be put to shareholders at the 2023 AGM. There are no contractual obligations that restrict the Group's choice of external auditors. The Company confirms that it complied with the provisions of the Competition and Markets Authority (CMA) Order for the financial year under review.

Non-audit services

One of the key risks to external auditor independence is the provision of non-audit services by the external auditor. The Group's policy in this area, which is set out in the Audit Committee's terms of reference, is clear. The Committee Chair considers and approves fees in respect of non-audit services provided by the external auditors in accordance with policy and the cost of non-audit services provided in 2022 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. In respect of the fees charged in connection with the disposal of the Built Environment Consulting business, the decision to use KPMG for the assurance related elements of the circular was based on their existing knowledge of the Group and the efficiency that that would bring and given the nature of the work the Committee was comfortable that it did not compromise their independence.

Committee evaluation

The Committee's activities formed part of the review of Board and Committee effectiveness performed in the year. Overall, the Committee was considered to be operating effectively.

Remuneration Committee

"Our refreshed policy and application of remuneration principles enable the business strategy and performance at Wood."

Jacqui Ferguson
Chair, Remuneration Committee

Committee meetings in 2022

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	V	IP	V	IP	V		IP			IP	

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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

IP In-person
V Video conference

Membership

During 2022, the Remuneration Committee membership comprised of the following independent non-executive directors: Jacqui Ferguson (Chair), Nigel Mills and Brenda Reichelderfer. In addition, all non-executive directors were invited to attend the Remuneration Committee meetings to enable awareness of Committee activity. Members of the Committee are considered independent and short biographies can be found on page 102.

Main responsibilities

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

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

- Promotes the long-term success of the Company and enables the strategy
- Reflects a balance of fixed and variable reward, 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 Policy and its application, the Committee considers the relevant provisions of the UK Corporate Governance Code, relevant regulations enacted under the Companies Act 2006 and shareholder views through consultation.

Our principles

Alignment with strategy, culture and delivery of shareholder value

Ensuring the Policy and principles support the needs of our business over the next few years, delivery of 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 a discretionary matrix when assessing short-term (ABP) and long-term (LTIP) incentives outcomes. As with all Committee decisions (in line with section 172 of the Companies Act 2006), we reflect on the experience of all stakeholders through the course of plan performance periods. A copy of the framework can be found at: **woodplc.com/discretionarymatrix**

Committee meetings in 2022 (detail)

During 2022, the Committee met seven times to discuss remuneration issues and the operation of the Policy. Additional meetings were held in March, April and June to determine variable reward outcomes for 2021, which were approved at the AGM; the impact from the sale of Built Environment Consulting; and the remuneration arrangements for the retiring and joining executive directors. There was full Committee attendance at each meeting as well as additional Board member attendance where appropriate. The Committee has a regular schedule of agenda items in addition to other matters. The following matters were considered during the year:

Matters considered	Feb	Mar	Apr	May	Jun	Aug	Nov
Policy application for year ahead: annual salary review – executive directors and Chair of Board, ensuring alignment with wider workforce	I		D				I
Short- and long-term incentives: future year arrangements, performance measures for all plans, executive director participation levels, risks and impact of windfall gains	I	D	D				D
Review projected outcomes for previous performance periods for ABP and LTIP, including review of team and personal objectives	I	I	D				I
Variable reward: ongoing review of performance against targets for executive directors and all participants	I	I		I		I	I
Chief Executive retirement arrangements and new CEO remuneration arrangements, including post employment shareholding					D	I	
Remuneration arrangements and impact on inflight awards following sale of Built Environment Consulting			D	D		D	D
Review of Policy including feedback and shareholder consultation				I		D	D
Preparation of annual remuneration report and sign off; determine stakeholder engagement	I	D	D				D
Annual general meeting preparation				D			
Review ELT and Company Secretary remuneration including new appointments, discretionary awards, and annual review	D	I	D		D	D	D
ABP & LTIP: Deferred and/or discretionary awards review and approval	I		D				
Wider workforce focus – overview on a range of matters including reporting (pay equity and UK gender pay gap reporting), furlough, UK real living wage, wellbeing, share plans, benefits, pensions, spot bonus, annual salary review, employee engagement and reward engagement framework	I	I	I	I		I	I
Review and approved the updated discretionary and all employee share plan rules				I		D	D
Share dilution and management: discussion and approval			D				
External market update from advisors including update on investor guidelines; emerging legislation/best practices/current thinking	I			I		I	I
Committee performance, review effectiveness, charter, and objectives – review of current year and determination of following year							D

D Decision made
I Inform, discuss and planning

Remuneration Committee continued

Workforce engagement and remuneration

The aim of workforce engagement is to ensure that the workforce is listened to and considered as part of the remuneration process ensuring that remuneration decisions are aligned with their experience and underpinned by feedback and data on the composition, remuneration, engagement, retention and diversity of the workforce.

In 2022, the Committee continued to engage with employees globally, supported by the internal reward team, participating in employee focus groups and feedback networks to ensure our people are engaged, safe, and developed to reach their full potential. We also discussed and reviewed updates on the wider workforce at every Committee meeting, covering topics such as pay equity, employee share plans, cost-of-living response, retention, ethnicity pay reporting, benefits & retirement plans, and gender diversity. The Committee continued to receive regular updates from the Executive President of People & Organisation (P&O) and President of Reward & Mobility throughout the year on wider workforce remuneration matters, ensuring that broader reward practices are understood and aligned when setting executive remuneration.

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 £73,100 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 considered the remuneration advice provided by Deloitte during the year and is comfortable that it has been objective and independent. Deloitte is a member of the Remuneration Consultant Group and adheres to the Group's Code of Conduct. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. As well as advising the Committee, Deloitte provided other services in 2022, predominantly related to tax compliance and advisory, and immigration advice. Where appropriate, the Committee also receives input from the Chair of the Board, CEO, CFO, Executive President of P&O, 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 89, Lintstock undertook a review of the Committee during the year. The performance of the Committee continues to be positively rated overall. The Committee will focus on continued engagement with management, particularly the new CEO, to achieve the right balance between being supportive and appropriately challenging management to ensure accountability.

Shareholder consultation

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

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

We have continued to proactively engage with and listen to our shareholders during the year where appropriate and were appreciative of the level of support for our voting resolutions in 2022. The Committee, as always, is thankful for the time and considerations conveyed by our stakeholders and trusts that the proposed changes to and application of the Policy detailed in this report 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 2022 AGM voting in respect of our remuneration matters and our voting outcome in respect of the 2020 Policy.

Item	AGM date	Vote For (including Discretionary)	Vote Against	Votes Withheld*
Advisory vote on the 2021 Remuneration Report	22 June 2022	468,842,224 (86.32%)	74,271,350 (13.68%)	173,240
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 shareholding voting

* A vote withheld is not a vote in law and is not counted in the calculation of the percentage of votes 'For' or 'Against' a resolution.

Chair's letter

Dear Shareholder

I am pleased to present to you, on behalf of the Board, the annual report on remuneration for the year ending 31 December 2022, which has been approved by both the Remuneration Committee (the "Committee") and the Board. As part of our normal three-year cycle this includes some minor updates to our directors' remuneration policy, and its associated future application, which we will be seeking your support for at the 2023 Annual General Meeting (AGM).

The purpose of this report is to set out the remuneration of the executive directors, demonstrating how their pay aligns with the remuneration arrangements for the wider workforce, enables the company culture, and supports delivery of shareholder value. We continue to be mindful that reward reflects the wider stakeholder experience at the same time as balancing the need for motivation and retention. We have also been mindful of the particular challenges with regards to cost of living, especially for our employees.

2022 was a significant year of strategic progress for the Group with the transformational sale of Built Environment Consulting, which restored financial strength to Wood, along with a change in our Executive leadership and the setting of a new strategy with medium-term financial targets. This new strategy is supported by the changes we have made to our remuneration application. This has resulted in increased focus on financial performance in the 2023 annual bonus plan, and simplification of the Long-Term Incentive Plan performance measures to align with the experience of shareholders and the commitments made at our Capital Markets Day to deliver strong financial returns. 2023-25 LTIP awards will see an increased weighting on EBITDA performance, alongside relative TSR versus our global peers and ESG performance measures that are critical to us and our investors over the long term.

Workforce considerations

Due to the impact of the rising cost of living, management implemented numerous actions to provide support to our global workforce. Full details of these are provided in the people section of the annual report, and include:

- focused interim salary reviews
- increased financial resilience resources
- additional discounted benefits and deals to ease the burden of everyday expenses
- early application of real living wage increases in the UK
- wider engagement on our employee assistance program, which underpins our wellbeing activities
- increased engagement activities such as global townhalls and leadership visits

During the year the Committee continued to engage with employees globally, supported by the internal reward team, participating in employee focus groups and feedback networks to ensure our people are engaged, safe, and developed to reach their full potential. We also discussed and reviewed updates on the wider workforce at every Committee meeting, covering topics such as pay equity, employee share plans, cost-of-living response, retention, ethnicity pay reporting, benefits & retirement plans, and gender diversity.

Having considered the feedback, we implemented a restricted stock plan for those eligible leaders below the executive leadership team in 2022 to support retention across our wider leadership team and increase their alignment with the future recovery of the Company and the experience of our shareholders. We also listened to the desire from our people to own more of the business. To support this, we are submitting updated plan rules for our global Employee Share Plan (ESP), as approved by shareholders in 2015 and now operational in 18 countries, including a tax efficient Share Incentive Plan (SIP) in the UK; this update will enable the grant of free shares, when we are able to do so. We are also seeking your support to introduce a tax efficient plan in the US (the Employee Share Purchase Plan (ESPP)). The intention of these inclusive plans is to continue to increase employee share ownership across Wood and therefore further align the interests of our employees with those of shareholders.

ESG considerations

Wood continues to focus on creating a diverse and inclusive workforce with female representation in senior leadership roles. Our female leadership is at 31.6%, down from 33% in 2021 primarily due to the reshape of the business through the sale of Built Environment Consulting which had a higher proportion of female representation. Diversity continues to be a key focus area for the business in 2023 as we are committed to our previously disclosed target of 40% of leadership roles being held by females by 2030. We were delighted to see Wood progress in the FTSE Women Leaders Review report, to 44.4% of our Board and 27.3% of our combined executive committee and direct reports represented by women. Further information on our continued progress and actions taken can be found in our People section on pages 60 – 65.

Sadly, we recorded two serious injury incidents, which could potentially have resulted in fatalities during the year. We want every employee to go home safely every day, and our local teams continue to do all they can to ensure a safe working environment. In addition to carrying out full investigations to understand what happened and how we can prevent any future occurrence, the safety and wellbeing of our people remains paramount. From a remuneration perspective there will be a zero outcome for the Serious Injury and Fatality (SIF) element of the 2022 annual bonus plan.

Shareholder considerations

There was considerable strategic progress in 2022 to strengthen Wood. We reset our balance sheet through the sale of Built Environment Consulting and addressed our legacy issues. Throughout the year we strengthened our engagement with shareholders, including a perception study in the summer that directly fed into our strategy development and capital allocation decisions. In November 2022 we held a Capital Markets Day to outline our new strategy – for selective growth across energy and materials, along with our three strategic pillars of inspired culture, performance excellence and profitable growth. The event also introduced our investors to our new executive team.

We are, however, very mindful of the shareholder experience in the year. Our share price reduced from £1.91 (closing mid-market price on 31 December 2021) to £1.32 (closing mid-market price on 31 December 2022) and we did not pay any dividends. This performance is disappointing, and the Committee considers the share price performance when determining remuneration practices and outcomes as well as the employee and other stakeholder experiences.

Remuneration and performance outcomes for 2022

The application of the Remuneration Policy in 2022 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 Safety & Sustainability Committee, with a further external audit carried out by KPMG, following the end of the financial year.

Annual Bonus Plan Outcome

In 2022 management focused on continuing to de-risk the business; the sale of Built Environment Consulting, which reset the Group; and the development and communication of a new three-year strategy. The Committee was therefore mindful of how to fairly recognise achievements, whilst balancing the experience of wider stakeholders.

Chair's letter continued

As detailed in my letter to key investors and the voting agencies in November 2022, following the completion of the sale of Built Environment Consulting in September 2022, the decision was taken to exclude its contribution from both the original targets set based on the original plans for 2022, and the performance achieved for 2022. This adjustment was based on the original anticipated contribution of the Built Environment Consulting Business to revenue and EBITDA. These targets are detailed in full on pages 140-144, in line with our usual practice of disclosing targets retrospectively.

This approach has had no material impact on the outcome, which is 36% of maximum for Ken, CEO; David, CFO; and Robin, former Chief Executive. Having carefully considered outcomes and stakeholder experiences, using the discretionary matrix, the Committee believes the bonus outcomes reflect the performance of management and the substantial efforts to strategically position Wood for future growth by the new CEO and his appointed team. Payments for Ken and Robin will be pro-rated for time in role.

Long Term Incentive Plan Outcome

Performance measures for LTIP 2020-2022 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.

As detailed in my November 2022 letter, no changes were made to performance measures or targets as a result of the sale of Built Environment Consulting for this award because it formed part of the Group for 33 of 36 months of the performance period. None of the targets were achieved and therefore no award is due for LTIP 2020-2022. This reflects the experience of our shareholders during this time.

Impact of the sale of Built Environment Consulting on ongoing remuneration

The sale also impacted the performance targets for outstanding LTIP awards that will be measured over the 2021-2023 and 2022-2024 periods. Consistent with the approach for 2022 Annual Bonus Plan awards, the contribution of Built Environment Consulting has been removed from the performance assessments and targets for EBITDA margin percentage improvement and revenue growth for LTIP 2021-2023 and LTIP 2022-2024; the leadership gender diversity target has also been updated for LTIP 2022-2024; and carbon emission reduction targets will remain unchanged for both performance periods. This adjustment was based on the original anticipated contribution of the Built Environment Consulting Business to target. The updated targets are fully disclosed on page 147.

We have also updated the relative TSR peer group for these awards to make sure that they appropriately reflect the structure and operations of our ongoing business and our focus on the Energy and Materials markets. As such we have removed Jacobs, WSP, TetraTech, Stantec and Aecom due to the low market overlap following the transaction, and added Maire Technimont and Técnicas Reunidas, due to their energy focus, to ensure that the peer group size, and therefore the final performance assessment, is robust.

These changes will take effect from the start of the relevant performance period. The Committee considered the potential impact of these changes carefully, including consulting with shareholders on these changes in my November 2022 letter. The Committee took comfort that based on performance achieved to the end of 2022 these changes would not materially impact projected outcomes, which are currently likely to be at the lower end.

CEO transition

In April 2022, we announced Robin Watson's intention to retire. Ken Gilmartin was promoted from Chief Operating Officer to CEO on 1 July 2022, having joined Wood originally in August 2021. Ken's new remuneration arrangements were set in accordance with the Remuneration Policy and disclosed externally in accordance with corporate governance requirements. Ken's salary was set at £750,000 and he will be entitled to our standard benefits, although insured benefits support will continue to be provided in the US as well as the UK. His retirement entitlement has been set at 9% of salary, which is aligned with the arrangements for the wider workforce in the UK. He will also receive a gross allowance of £150,000, payable in three equal instalments to support with his relocation from the US to the UK. Although there have been no changes to the long-term incentive and annual bonus opportunities, which have been set at a maximum of 200% and 175% of salary respectively, Ken's 2022-2024 LTIP award granted in 2022 will remain unchanged at 100% of salary granted in his previous role, and his ABP opportunity will be pro rata to reflect time spent in both roles.

Commitments made prior to Ken joining the Board will continue to be honoured in accordance with the remuneration policy. This includes legacy arrangements made to facilitate his recruitment to his previous role of COO, which was not an executive director role. Further details are set out on page 146.

Robin ceased to be an Executive Director of Wood on 1 July 2022. He remained as an employee until 30 September 2022 in an advisory role to support a smooth transition and received salary, benefits, allowances, and pension until this date, as well as a payment in lieu of untaken accrued annual leave. Details, as required by section 430 (2B) of the Companies Act 2006, were provided on our website, and fully complied with the remuneration policy; these are also found on page 146.

2023 Remuneration Policy update

During 2022 the Committee undertook a comprehensive review of the current policy, which expires at AGM in 2023, considering its alignment to both our new strategy and external best practice guidance published by our investors and advisory bodies. The Committee agreed that the majority of the existing Policy remains appropriate and is proposing to make limited improvements to align with best practice more closely. In November 2022 we wrote to our top thirty shareholders, representing circa 82% of our shareholding, along with the voting agencies, advising them of our considerations and intentions, to seek engagement and feedback.

In response to feedback from shareholders, we are strengthening post cessation shareholding requirements. For awards granted from 1 January 2023, executive directors will be required to maintain a shareholding equal to 100% of their shareholding guidelines for two years post-employment. The current approach of a reduced requirement of 50% of shareholding guideline applying the second year will continue to apply for awards granted between 1 January 2020 and 31 December 2022.

In addition, as our Long Term Plan rules expire in May 2023, we are submitting updated plan rules for approval at the AGM in 2023, the Discretionary Share Plan (DSP). The key terms of the plan remain broadly unchanged, and we have updated the proposed policy as appropriate to ensure our policy for leavers aligns more closely with current investor expectations and market practice around time pro-rating, performance assessment and the timing of vesting.

Proposed policy application for 2023

Full details of our proposed implementation of the Directors' Remuneration Policy for 2023 can be found on pages 131 – 139.

Salary and benefits

Recognising investor sentiment regarding executive director pay and that of the wider workforce, in January 2023 we increased the base salary for both executive directors by 3%, significantly less than that applied to the wider workforce in the UK, where the annual salary review budget was 6%. This increases Ken Gilmartin's base salary to £772,500, from £750,000, and David Kemp's to £526,355 from £511,024. There is no change to benefits provided since our last report. As disclosed in previous annual reports and Policy, executive directors' pension contributions are aligned to those of the wider workforce in the UK at 9%.

Annual Bonus Plan

For 2023 the maximum bonus opportunity for the CEO 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. We have simplified the bonus structure by increasing the weighting on financial measures from 60% to 90% to directly incentivise delivery of profitable growth over the year ahead. Details of the performance measures are on page 152 and will be EBITDA at 40%; cash generation at 40%; revenue backlog at 10% and an ESG framework at 10%, increasing the emphasis on financial performance whilst remaining focused on safety and retention of our people.

We are also introducing a payment of 20% of maximum for threshold performance to recognise performance more appropriately within the target range.

Long Term Incentive Plan

To reflect our Capital Market Day commitment to deliver strong financial returns and to strengthen the alignment between executives and the experience of our shareholders, it is proposed that the performance measures for 2023 LTIP awards will be 60% EBITDA, 30% relative TSR versus a sector peer group; and an ESG framework weighted at 10%, capturing progress against both carbon emission reduction targets and gender diversity targets. These measures align our key strategic priorities with value generation for our shareholders and continue to support our sustainability plan. No award will be made for the EBITDA measure unless performance is in line with the commitment to financial returns made at our Capital Markets Day in November 2022. Full details, along with the threshold and maximum targets, can be found on page 152.

We will continue to anchor participation levels on 200% of salary for the CEO and 175% for the CFO. However, having carefully considered the material reduction in share price during 2022, and feedback received, the Committee has determined to apply its discretion and reduce the participation levels for 2023 by 15%. This results in a participation level of 170% of salary for the CEO and 149% 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 continue to monitor share price performance during 2023.

Our proposed changes to performance measures for 2023 ABP and LTIP awards align with our long-term vision to deliver solutions that transform the world to be cleaner, sustainable, safe, secure, faster, ethical, and equitable, and our strategic pillars of profitable growth, performance excellence and inspired culture.

Looking ahead

I trust that in the report for 2022 we have clearly explained our application of the existing Directors' Remuneration Policy. I also trust that the changes to the Remuneration Policy reflect that we have listened to feedback from our shareholders and ensure remuneration is aligned to our strategic pillars of profitable growth, performance excellence and creating an inspired culture. Our share plans renewals ensure we are focused on increasing share ownership for our people in a more inclusive manner and simplify renewal voting dates.

We enter 2023 as a new Wood, led by a new team, focused on delivering the strategy we recently shared at our Capital Markets Day to enable us to deliver sustainable returns. We have attractive growth prospects in our core markets, we are trusted by our clients, and we have the talent and solutions to enable a net-zero future. We are focused on designing a strong future for Wood and enter this New Year with positive momentum. I look forward to your support on the relevant resolutions at the AGM.

Signed on behalf of the Board and as Chair of the Remuneration Committee

Jacqueline Ferguson

Jacqui Ferguson
Chair, Remuneration Committee

Alignment to strategic pillars

	Annual bonus plan					Long term incentive plan				Underpins	Other	
	EBITDA	Revenue backlog	Cash generation	Safety	Voluntary employee turnover	TSR	EBITDA	Carbon emission reductions	Improvement in leadership gender diversity	Discretionary matrix	Holding periods	Shareholding
Profitable Growth A higher grade business portfolio	●	●	●			●	●			●	●	●
Inspired Culture Creating a great place to work				●	●			●	●	●	●	
Performance Excellence Results focused and delivering for clients		●		●	●	●	●	●	●	●		

Workforce reward

Supporting our people through cost of living challenges

Wood is a people business, and our people will always be our differentiator. We are committed to providing transparent, internally fair and externally competitive 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.

Direct employees of Wood have a higher than average salary in the UK due to the unique skills and expertise required within our professional workforce. In 2022 the median salary in the UK was £62,000. During the cost of living challenges we continued to support all our people, regardless of their income through the following actions:

Pay equity

During 2022 we increased transparency of pay for our people, with pay equity reported for circa 78% of the global population. 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 to ensure no bias in the application of our pay frameworks. Line managers are accountable for ensuring fair pay practices for their people and engaging with them in open, honest dialogue about their pay.

Real Living Wage

Wood is an accredited Real Living Wage employer. Following the announcement of the 10.1% real living wage increase in September, we will apply this early to employees impacted, well ahead of the May 2023 deadline. We also encouraged our third-party suppliers to take the same approach to early adoption ahead of the winter period.

Flexible and hybrid working

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 also helps mitigate transportation costs for those who can, and wish to, work from home.

Wellbeing

Our Employee Assistance Programme (EAP), continues to play a significant role in our commitment to the wellbeing of our people. Services are provided through two vendors, one for the UK and one for the rest of the world. The EAP underpins 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, financial pressures, managing stress, career success, parenting, managing workplace pressure, improving esteem and confidence, and maintaining physical health.

Financial resilience

We remain committed to supporting employees to assess and manage their financial commitments and goals. Financial wellbeing is a key pillar on our Living Well strategy, providing employees with a range of useful resources on how to improve their resilience, reassess their priorities and build stronger foundations as well how to seek additional support. We continue to offer a range of deals and discounts through our established benefit providers to help with easing the burden of everyday expenses.

Interim salary adjustments

In July, business leaders were empowered to consider and implement interim salary adjustments, supported by P&O. A targeted approach was taken in the majority of locations. In addition, in collaboration with our clients, interim reviews were implemented for some colleagues in our trade and craft teams in the UK to support cost of living increases.

Annual salary review

Towards the end of the year we completed our annual salary review process for eligible employees with an effective date of 1 January 2023. We applied appropriate budgets in all 60+ countries in which we operate, considering inflation projections; economic outlook; business performance; industry and/or client considerations; attraction; retention and adjustments following pay equity reviews. In the UK, US, Canada and Australia the annual salary review budget was 6%. Line managers engaged with their teams before the end of year, supporting household budgeting.

More information on the details can be found in our People section on pages 60 – 65.

Gender pay

We remain focused on gender pay equity and are committed to ensuring that all our employees, regardless of gender, are paid the same for equivalent work, aligned to competitive market rates. The nature of our business attracts a higher percentage of males due to the predominantly technical focus of the roles in office, site and offshore locations. This means, notwithstanding our efforts, we still have a higher percentage of male employees in technical, higher paid roles leading to a pay gap against the reporting criteria.

We recognise the importance and value of diversity in our workforce and the part we have to play in encouraging female progression within our industry. We have local action plans in all our locations as well as gender specific targets over the longer term built into our variable remuneration plans.

In 2022, we also introduced voluntary internal ethnicity pay gap reporting in Australia, the UK and US.

More information on our gender pay gap results can be found in our People section on pages 60 – 65.

Employees at snapshot date

5,488

Mean gap/median gap pay

26.0% mean

32.8% median

Gender balance

77% male

23% female

Mean gap/median gap bonus

44.2% mean

32.5% median

Read our full gender pay gap report at: **woodplc.com/genderpay**

Pay ratio of CEO

The pay ratio of the CEO continues to reflect the Company's internally fair approach to pay through aligned and consistent frameworks. Total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce which Wood employs, assisting with an above average UK pay ratio.

12:1
CEO pay ratio

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.

Our employee share plans, the Employee Share Plan (ESP) and the Share Incentive Plan (SIP), also offered for our UK workforce, continue to 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 extended the ESP offering to eligible employees in Brunei and Kuwait and also moved to an "evergreen" SIP in the UK enabling our employees the flexibility to join the plan at any time throughout the year, subject to eligibility.

Since May 2022, when we launched global spot bonus reporting, we rewarded more than 650 employees with spot bonus awards 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 60 – 65.

Through engagement with the workforce this year we have taken the following actions to enhance how we share success:

- Updating our annual bonus plan for key leaders with a simplified bonus structure for 2023 aligned with the operation of the plan for the executive directors.
- We implemented a restricted stock plan for eligible leaders below the Executive Leadership Team (ELT).
- Seeking shareholder support at our AGM for more inclusive employee share plans to encourage greater employee ownership.

We continue to engage with our workforce around the best ways to share success and will continue to engage on this topic through appropriate channels including our global employee engagement survey.

Summary of 2022 share plans enrolment:

28,423
eligible employees

18
countries

9
languages of inclusive communications and materials

2,325
enrolled (8.2% of total eligible)

16%
UK SIP enrolment (23% in 2021)

Workforce reward continued

Alignment to the workforce

The objective of the Policy is to set all components of remuneration, maximum awards, and performance measurement, which provide a compensation package promoting the long-term success of the business and delivery of the strategy.

This table provides a summary of executive directors' remuneration outlined in our revised Policy and alignment to the wider workforce. The Policy with updated scenario charts can be found at **woodplc.com/rempolicy**

Element and purpose of executive director remuneration	Alignment with workforce
Salary To provide an appropriate level of fixed salary to attract and retain executives with the qualities, skills and experience required to deliver our 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 instalment basis.
Benefits To provide fair and market competitive benefits which support the health and wellbeing of our executives to perform at their best. Employee share plans give our people the opportunity to benefit from the success to which their performance and commitment contributes.	All employees are provided with benefits 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. Employee share plans are open to all eligible employees across the organisation. Employees may choose to contribute up to 10% of gross salary subject to plan rules, or such lower amount as the Committee may determine, which is deducted in regular pay periods from the salary. Depending on country eligibility, employees may join the Employee Share Plan (ESP) and/or Share Incentive Plan (SIP).
Retirement related benefits To support the long-term financial wellbeing and future stability of our executives in return for their commitment to delivering our strategic objectives.	Employees receive retirement plan contributions typical of the markets in which they are employed. In the UK, executive directors are currently aligned to the wider workforce with a maximum of 9% employer contribution.
Short-term incentives To incentivise executives to deliver strategic business priorities for the financial year with compulsory deferred payment designed to provide additional alignment with stakeholders and reinforce retention.	The Annual Bonus Plan (ABP) provides a reward for senior employees critical to future success and who are in a position that can materially influence the success of Wood. Participation levels are based on the job which an individual carries out linked to a global framework. ABP is based on the same structure and performance targets aligned to strategy throughout the organisation. Executive directors and the ELT receive 75% of any award earned in cash, with the remainder deferred into a share based award for a further two years. Other participants are paid fully in cash. ABP participation typically applies to circa 3.7% of the global employee population.
Long-term incentives To reward and retain executives while aligning their interests with those of stakeholders by incentivising performance over the longer term. Performance measures are linked to longer-term creation of shareholder value.	Designed to incentivise senior leaders in delivering business performance over the longer-term. For executive directors and the ELT the Long Term Incentive Plan (LTIP), a performance-based plan, provides an opportunity to earn an award, in the form of conditional shares, subject to remaining in employment. Measures are linked to long-term creation of shareholder value. For other senior leaders a time-vested restricted stock model ensures alignment of variable pay in the form of shares, consistent with global markets in which we operate. Participation levels are based on the job which an individual carries out, linked to a global framework. Long-term incentive participation typically applies to circa 0.8% of the global employee population.
Shareholding requirements To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	Shareholding requirements apply to executive directors only, including the requirement to hold shares post-employment.

Remuneration Policy

Remuneration Policy 2023

In accordance with section 439A of the Companies Act, this Policy will be proposed as a binding resolution for approval at the AGM in 2023. It is intended that this Policy will take effect from the date of the AGM, subject to shareholder approval. This policy will replace in full the Policy set out in the 2019 annual report which was approved by shareholders at the 2020 AGM. If approved, the Committee will put a revised policy to shareholders again no later than the AGM in 2026. If not approved, the Committee will present a revised policy for a further shareholder vote within 12 months.

Introduction

The objective of the Policy is to provide a remuneration and benefits package that promotes the long-term success of the organisation and supports the delivery of its strategy, with the intent of creating a competitive total remuneration package which attracts and retains executives while creating alignment between incentivising executive performance and the interests of stakeholders. The future policy table on pages 132 – 134 summarises the Policy and its components.

Full details of the application of the Policy are contained in the Annual Remuneration Report and the illustrations of future Policy application are updated annually in the scenario charts on page 138.

Scope of the Remuneration Committee

The Committee has overall responsibility to the Board and other stakeholders to oversee and be accountable for all aspects of remuneration and benefits for the executive directors including the Policy, ensuring appropriateness and governance. In addition, in line with the Corporate Governance Code, the Committee is also accountable for overseeing remuneration and benefits for members of the ELT, including the Company Secretary. The Committee achieves this by ensuring alignment of compensation philosophy, incentives and rewards with the wider workforce and prevailing culture at Wood.

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

Committee decision making process

The Committee is mindful of shareholder expectations in respect of executive pay and proactively carried out engagement with shareholders during 2022, incorporating feedback in the future policy proposals and application for 2023 and beyond. We have also been mindful to listen to the views of the wider workforce through our employee listening group network, reward engagement focus groups, other networks such as Wood's Race and Ethnicity Network, (WREN), the employee engagement survey and localised feedback sessions. In determining the Policy, the Committee considered the relevant provisions of the UK Corporate Governance Code and guidelines produced by relevant advisory bodies such as the Investment Association.

The Committee also received input from the Chair of the Board, other non-executive directors, the CEO, CFO, Executive President of P&O and the President of Reward & Mobility, while ensuring that conflicts of interest were suitably mitigated.

The Policy for executive directors is designed in line with the philosophy and principles that underpin remuneration throughout the organisation. It is more heavily weighted towards variable pay for executive directors and senior leaders ensuring longer term alignment with shareholders.

To enhance the rigour with which performance is reviewed, and ensure alignment with stakeholder experience, the Committee utilises its discretionary matrix when assessing remuneration, and short- and long-term incentive outcomes. As with all Committee decisions (in line with section 172 of the Companies Act 2006), the experience of all stakeholders throughout the course of plan performance periods is considered. A copy of the framework can be found at: **woodplc.com/discretionarymatrix**

Consideration of employment conditions elsewhere in the organisation

The organisation's reward policy ensures the wider workforce is provided with fair remuneration packages that are market competitive within each employee's country of employment and compliant with the organisation's equal opportunities policy and national legislative requirements. Remuneration differs based on location, role, competency and job level within the organisation. Where appropriate, employees participate in the organisation's short and long-term incentive arrangements, with levels of participation being set by reference to their position in the organisation.

Read the global reward policy which applies to all employees of Wood at: **woodplc.com/rewardpolicy**

The Committee is respectful and thoughtful of pay and conditions within the organisation and is committed to aligning pay structure decisions for executive director remuneration to employees in the country where the executive director is based. The Committee also considers relevant information received from the Executive President of P&O, including feedback from the wider workforce.

Changes to Remuneration Policy

Although our existing Policy is broadly fit for purpose, we have proposed some minor improvements which continue to support and remain in line with our key remuneration principles as well as updated UK Corporate Governance legislation as follows:

- Enhancement of post cessation shareholding requirements to 100% of shareholding for two years following cessation of employment. Current requirements are 100% of shareholding held for one year, reducing to 50% in the second year following cessation of employment.
- Short-term incentive: updated to allow for the inclusion or exclusion of either corporate or personal objectives within the non-financial element.
- Long-term incentive: aligned to market practice, with the removal of 18-month qualifying service for long-term incentives for good leavers.

The Policy applies equally to any individual who is required to be treated as a director under the applicable regulations.

Remuneration Policy continued

Future policy table for executive directors

Element	Purpose and link to strategic objectives of the organisation	Remuneration Policy details
Salary	To provide an appropriate level of fixed salary to attract and retain executives with the qualities, skills and experience required to deliver our strategic objectives.	**Operation** Typically reviewed annually by the Committee, with any changes approved and effective from 1 January (although the Committee may make changes effective from any other date if it considers it appropriate). The Committee determines the appropriate level of base salary through consideration of: • the range of salary increases applied to the wider workforce; • the scale, scope and responsibility of the individual executive's role, including any changes in responsibility; • the skills, experience, development, contribution, and performance of the individual in the role; • the salary of individuals undertaking similar roles in peer companies of comparable size and complexity around the world; • business performance and the wider market and economic conditions; and • growth and development of incumbents. Executive directors will typically be paid in the currency of their employment location. **Maximum opportunity** Annual increases will normally be in line with comparable increases across the wider workforce in their country of employment. Higher increases may be awarded, at the Committee's discretion, in certain circumstances through consideration of relevant factors, for example, in recognition of progression and performance. **Performance metrics** None.
Benefits	To provide fair and market competitive benefits which support the health and wellbeing of our executives to perform at their best.	**Operation** Benefits typically include transportation allowance, private medical insurance (or equivalent), income protection insurance (where applicable) and life assurance, in line with the wider workforce in the country of employment. For executive directors based in the United Kingdom, life assurance cover of four times annual base salary is provided, in line with that for the wider workforce; where cover of four times salary exceeds the maximum free cover limit, as specified in the life assurance policy which may be amended from time to time, medical underwriting is required, and cover will be subject to insurer acceptance. The types of benefits provided are reviewed from time to time and may be adjusted by the Committee if deemed appropriate to ensure ongoing competitiveness. Executive directors may participate in the Company's employee share plans on the same terms as other employees. Where executive directors are required to relocate or complete an international assignment due to business requirements, additional benefits such as relocation assistance or other expatriate benefits may be offered if considered appropriate. Benefits may vary according to local practice. **Maximum opportunity** Given the complexity of assessing the future monetary cost of some benefits, the Committee has not set an absolute limit on the value of benefits delivered but aims to ensure that the level of benefits provided remains appropriate and aligned to the wider workforce and in line with appropriate rules, where applicable. **Performance metrics** None.

Element	Purpose and link to strategic objectives of the organisation	Remuneration Policy details
Pension related benefits	To support the long-term financial wellbeing and future stability of our executives in return for their commitment to delivering our strategic objectives.	**Operation** Executive directors can choose to participate in the relevant local defined contribution pension arrangement, or equivalent, or receive a cash allowance in lieu of pension, or a combination thereof. **Maximum opportunity** In line with pension, or equivalent, arrangements for the wider workforce in the country in which the executive is employed. **Performance metrics** None.
Short-term incentives	To incentivise executives to deliver strategic business priorities for the financial year with compulsory deferred payment designed to provide additional alignment with stakeholders and reinforce retention.	**Operation** Bonuses are awarded annually based on performance in the relevant financial year. Performance measures are chosen by the Committee at the start of the year to ensure the organisation is focused on its short-term financial and strategic objectives and cultural alignment. The Committee typically sets threshold, target and maximum, and determines the appropriate weighting, for each measure. The Committee may set objectives in relation to the non-financial element of the plan, either corporate or personal or a combination, with the aim of delivering value to stakeholders and achieving the business strategy. Any objectives, targets, and outcomes will be disclosed in the Annual Remuneration Report for the relevant reporting period. At the end of the year, the Committee reviews actual performance against the relevant measures. Assessment of non-financial objectives is based on demonstrable evidence of achievement during the year. The Committee may adjust the outcome at its discretion, utilising the discretionary matrix, to ensure it is fair and appropriate, considering the overall performance of the organisation and stakeholder experience. Achievement of bonus, including the use of discretion, will be disclosed in the following year's report as appropriate. At least 25% of the value of any bonus earned is subject to deferral for a further period of at least two years and, subject to legal restrictions or adverse tax consequences, will be awarded as a nil cost share based award. Dividend equivalent payments may accrue on shares comprising the deferred bonus award prior to vesting and will be paid out (in shares) proportionately with the award. In exceptional circumstances, such as where there are regulatory restrictions on the delivery of shares, the Committee may decide to settle deferred awards in cash. Malus and clawback provisions apply; further details can be found on page 135. **Maximum opportunity** The maximum opportunity will not exceed 200% of base salary in respect of any financial year. **Performance metrics** At least 50% of the maximum potential bonus is based on financial measures with the remainder being based on non-financial measures. The balance is reviewed annually and may be adjusted by the Committee, if appropriate to ensure alignment with the organisation's overall objectives. • For financial measures, threshold performance must be met before any award is paid, with 100% payable for maximum performance. 50% will be awarded for achievement of target and a proportionate award is calculated for performance between threshold and target, and between target and maximum. • Non-financial measures may include appropriate corporate environmental, social and governance (ESG) targets, which align to the organisation's strategic and/or operational priorities for the individual director. Performance measures that will apply are set out in the relevant Annual Remuneration Report.

Remuneration Policy continued

Future policy table for executive directors (continued)

Element	Purpose and link to strategic objectives of the organisation	Remuneration Policy details
Long-term incentives	To reward and retain executives while aligning their interests with those of stakeholders by incentivising performance over the longer term. Performance measures are linked to longer term creation of shareholder value.	**Operation** The Long Term Incentive Plan (LTIP) operates with a performance period of at least three years. Executive directors may be granted conditional share awards or nil cost options at the start of the performance period (or in the case of a new appointment, at the earliest opportunity deemed appropriate by the Committee). Share awards that vest are subject to meeting performance criteria and are subject to a holding period which is a minimum of two years, unless the Committee determines otherwise. When determining the number of shares to vest, the Committee may adjust the formulaic performance outcome for awards at its discretion to ensure it is fair and appropriate, taking into account the overall performance of the organisation and stakeholder experience, utilising the discretionary matrix, and considering the impact of any potential windfall gain. Notional dividends may accrue on performance share awards to the extent that the performance conditions have been met, delivered as shares or cash at the discretion of the Committee at the end of the vesting period. For nil-cost options, no shares will be awarded in lieu of dividends post-vesting (i.e. between vesting and exercise). The vesting of any award may be reduced or cancelled, in line with malus provisions, and is subject to clawback provisions at the absolute discretion of the Committee, as detailed in the malus and clawback policy. Malus and clawback provisions apply, further details can be found on page 135. **Maximum opportunity** The maximum opportunity will not exceed 200% of base salary in respect of any financial year of the organisation. Where a salary is materially amended during the performance period, the Committee may adjust the number of shares under award to reflect the salary change. **Performance metrics** Awards made to executive directors vest based on performance against a combination of performance measures. The Committee will determine the appropriate measures at the commencement of each performance period; consideration will be given but not limited to business context, internal factors, external environment, and market consensus. At least 25% of the award will be based on relative total shareholder return (TSR) and a portion of the remainder will be based on financial and/or ESG measures. During a performance period, the Committee has the discretion to adjust the performance targets when it considers an amended target would be more appropriate and not materially easier to satisfy. For threshold levels of performance, up to 25% of the award vests, increasing on a straight-line basis to 100% of the award for maximum performance.
Shareholding guidelines	To ensure that executive directors' interests and individual wealth are aligned with those of shareholders over a long-term performance period.	**Operation** Executive directors are required to hold shares in the Company, with the value of those shares expressed as a percentage of salary. The holding will be built up from shares purchased from their own resources and after-tax share awards held personally or in a nominee account which are not subject to any further performance conditions, including those matched via the employee share plans. Until shareholding requirements are satisfied, executive directors are not permitted to sell any shares unless to cover tax liabilities. The holding does not include shares held by connected persons. **Post cessation shareholding requirements** Executive directors are required to hold shares in the Company post cessation of employment. Awards granted from 1 January 2023 are subject to 100% of shareholding guidelines for two years. Awards granted from 1 January 2020 to 31 December 2022 will remain subject to 100% of shareholding guidelines for the first year, reducing to 50% in the second year in line with the previous policy. The Committee has the discretion to reduce or waive the requirements in certain circumstances such as death or where personal circumstances are materially changed. **Requirement** The shareholding guidelines are as follows: • CEO: 250% of base salary • Other executive directors: 200% of base salary **Performance metrics** n/a

Notes to the policy report for executive directors

Use of discretion

During a performance period, the Committee has the discretion to adjust the achievement levels required to ensure the performance targets remain effective, whilst ensuring new levels remain as demanding and achievable as those first set.

The Committee may exercise discretion when determining the outcomes of short- and long-term variable reward in addition to the formulaic outcomes, utilising the discretionary matrix when assessing short-term incentive and long-term incentive plan outcomes. As with all Committee decisions (in line with section 172 of the Companies Act 2006), the experience of all stakeholders is considered through the course of plan performance periods. A copy of the framework can be found at: **woodplc.com/discretionarymatrix**

Malus and clawback provisions

Malus and clawback provisions safeguard the Company against future risk in relation to our long and short-term incentive plans. Malus and clawback provisions can be operated in circumstances which include but are not limited to:

- material misstatement of the Group's financial results;
- a material failure of risk management by the Group;
- corporate failure; serious reputational damage to the Group;
- negligent conduct or omission contributing to financial downturn of the Group;
- serious breach of health and safety standards; or
- serious misconduct or fraud by the executive.

Under the Malus and Clawback Policy, which applies to awards from 2020, if the Board decides to operate malus in respect of an award, the 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 an award, to recover amounts to which clawback will apply, the Company has the right to (or to procure that another person will):

- lapse, reduce, cancel, or forfeit cash or shares which may be or otherwise become due to the participant under any award; and/or
- reduce the amount of any future award to be granted to the participant; and/or
- 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
- make a deduction from any payment otherwise due to the participant, to the extent permitted by law; and/or
- claim repayment of an amount directly from the participant (in cash or shares) which the participant must repay on receipt of a written request.

Commitments entered into prior to policy effective date

The Committee reserves the right to make any remuneration payments and payments for loss of office, including exercising any discretions available to it in connection with such payments, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed (i) before the Policy contained in this report came into effect, provided that the terms of payment were consistent with any applicable shareholder approved Policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a director of the organisation (or other person to whom the policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director or such other person of the organisation. For these purposes, payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are deemed to be agreed and in line with policy at the time the award is granted.

Takeovers and other corporate events

In the event of a takeover of the Company, the Committee may decide (with the agreement of the person who obtained control of the Company) that awards may be exchanged for new awards over shares in the new parent company. Exchanged awards will be subject to similar conditions as the awards which they replace. However, in the case of the Wood Share Incentive Plan, takeovers are managed in accordance with the SIP legislation.

Where awards are not exchanged, un-vested awards will normally vest to the extent that any financial and/or non-financial performance measures have been met (if the performance period has ended) or to the extent the Committee estimates the measures would have been met over the performance period (in the case of the LTIP) or to the extent that any performance measures have been met over a period chosen by the Committee (in the case of the Employee Share Plan). Awards that vest on a takeover (other than deferred awards) will be pro-rated for time, but time pro-rating may be dis-applied if the Committee considers it appropriate.

If there is a demerger, delisting, special dividend, or other event that may materially affect the current or future value of shares, the Committee may decide to treat awards in a similar way to a takeover. If the Company is wound up, awards will be treated in a similar way to a takeover. Where an option vests in the event of a takeover or other corporate event, in the case of the LTIP it will normally be exercisable for a period of three months from the relevant date and will then lapse, but the Committee may choose an alternative exercise period. In the case of the Wood US Employee Share Purchase Plan the option will be automatically exercised on the relevant date. In addition, on a takeover or other corporate event, (i) the Committee may decide that the Malus and Clawback Policy will no longer apply to an award, or will be varied in its application, and (ii) any holding period under the LTIP will continue to apply unless the Committee decides otherwise.

External appointments

Executive directors are permitted, with Board approval and subject to corporate governance guidelines, to undertake external duties provided there is no conflict of interest, and the Committee determines they are still able to operate effectively in role. The executive director will keep any fees associated with external appointments.

Remuneration Policy continued

Service contracts, notice and payment for loss of office

The current service contract effective dates are shown below. Executive directors have service contracts which can be terminated by the director or by the organisation with 12 months' notice; this length of notice period has been determined as necessary to ensure appropriate succession can be planned and managed.

Executive director	Current contract date	Contract duration
Ken Gilmartin	1 July 2022	No fixed end date
David Kemp	13 May 2015	No fixed end date

None of the service contracts provide for predetermined amounts of compensation to be paid in the event of early termination and there are no further obligations contained within the executive directors' service contracts which could give rise to any remuneration payment which has not already been disclosed in this Policy.

The executive director service contracts are available for inspection at the Company's registered office.

Executive directors' contracts allow for termination with contractual notice from the organisation or termination with a payment in lieu of notice, at the Committee's discretion.

The Company also reserves the right to place executive directors on garden leave during their notice period.

The Committee, at its discretion, has the flexibility to apply good leaver status to each different element of payment for executive directors outlined in the Policy table below and illustrates payment due when leaving as any other leaver.

The Committee reserves the right to make any other payments in connection with an executive director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a settlement of any claim arising in connection with the cessation of a director's office or employment. The Committee may also make a payment in respect of outplacement costs and reasonable legal fees.

Recruitment and promotion

The Committee's approach where the organisation appoints a new executive or non-executive director is typically to align the remuneration package with the terms of the Policy laid out in the relevant tables of this report and aligned to the principles of remuneration which apply to the wider workforce.

In the event of internal promotion to the Board, any commitments made before promotion will continue to be honoured under this Policy, even if they would not otherwise be consistent with the Policy prevailing when the commitment is fulfilled.

As far as possible, the Committee will seek to structure all awards in line with the stated Policy.

To facilitate external recruitment, the Committee may make one-off awards to compensate variable pay or contractual rights which an individual would forfeit on leaving their current employer. Any such buy-out would, where possible, be on a comparable basis and would consider value, performance targets, the likelihood of those targets being met and vesting periods. In considering its approach, the Committee will give due regard to all relevant factors, including quantum, the nature of remuneration and the jurisdiction from which the candidate was recruited.

Excluding the value of any potential buy-out, the maximum value of variable remuneration offered at recruitment to any new executive director will be 400% of base salary. This is within the maximum amounts currently laid out in the policy table of this report.

Shareholders will be provided with full details including the rationale for the arrangements in the relevant Annual Remuneration Report. For the recruitment of Chair and non-executive directors, remuneration would be provided in line with the existing fee structure.

Cessation payments and scenarios

Base salary, pension and benefits

Paid up to the date of leaving, including any untaken holidays or, subject to mitigation, payment in lieu of notice where the organisation considers it inappropriate for a departing executive director to work the required notice period. Disbursements such as legal costs and outplacement fees may be considered.

Annual bonus

Good leaver
For reason of injury, disability, ill-health, retirement, sale of employing entity out of the organisation and in such circumstances as the Committee may determine otherwise:

- Paid up to the date of leaving based on completed months worked in the year with payment made on normal payment date once plan outcomes are known.
- Any deferred award from previous years which have not yet vested will vest at the normal vesting date for such deferrals. The Committee may determine, in its absolute discretion, that awards could vest as soon as practicable following cessation.
- On death, an immediate payment may be made to the estate and/or designated beneficiary at the discretion of the Committee, considering performance and the proportion of the relevant bonus year served. Deferred bonus amounts will vest in full at the time of death.

Other leaver
No entitlement to any award for the current year and forfeit of any deferred awards from previous years not yet paid.

Long-term incentives

Good leaver
For reason of injury, disability, ill-health, death, sale of employing company or business or, for any other reason determined by the Committee the following shall apply:

- The Committee may determine, in its absolute discretion, that awards could vest as soon as practicable following cessation.
- The number of shares that vest in these circumstances shall be determined by the Committee (on a proportionate basis if appropriate) considering the extent to which the performance conditions have been satisfied and, unless the Committee determines otherwise, the period of time elapsed since grant.
- The Committee may determine different arrangements to take effect of any local tax or legal requirements.
- On death, unvested awards will vest (on a proportionate basis if appropriate) to the extent determined by the Committee considering the extent to which performance conditions have been satisfied and, if the Committee considers it appropriate, the period that has elapsed since grant.

Other leaver
All outstanding awards lapse.

Employee Share Plan

Good leaver
Leaver provisions will be on the same basis as all other employees and in accordance with local legislative and plan rules.

Other leaver
All matching shares will lapse.

Remuneration Policy for the Chair of the Board and non-executive directors

Purpose and link to strategic objectives of the organisation

To attract and retain individuals with the qualities, skills and experience required to provide a positive contribution to the Board and to deliver our strategic objectives.

Fees and remuneration

Operation
Remuneration is in the form of fees, payable monthly for the position of Chair, or quarterly for all other positions. The Chair receives an all-inclusive remuneration package which is reviewed annually by the Committee, which makes a recommendation to the Board, with changes ordinarily effective from 1 January.

Non-executive directors receive a base fee in relation to their role. The remuneration of the non-executive directors is reviewed annually by the Chair, CEO and Company Secretary, who make a recommendation to the Board, with changes ordinarily effective from 1 January. Additional fees may be paid for related duties, for example the senior independent directorship and for chairing, membership, and attendance of certain Board Committees.

Fees are set by the Board at a level considered appropriate to attract and retain the calibre of individual required but avoiding paying more than necessary for this purpose. Fee levels are typically set considering the expected commitment levels, the skills and the experience of the individual, and the fee levels paid to individuals undertaking similar roles in companies of comparable size and complexity.

Non-executive directors can elect to be paid in any currency at the time of appointment; this will typically be in either pounds sterling or in US dollars at the applicable exchange rate at the time of payment. Payments may be made in the form of either cash or shares as elected by the non-executive director.

Non-executive directors are reimbursed all necessary and reasonable expenses incurred in the performance of their duties and any tax thereon.

Maximum opportunity
No prescribed maximum for Chair or non-executive directors' remuneration, although the aggregate maximum for non-executive directors' remuneration is included in the Articles of Association.

Performance metrics
None.

Service contracts, notice and payment for loss of office

Non-executive directors have letters of engagement addressing remuneration, services to be provided, conflicts of interest and confidentiality. The letters of engagement do not have fixed terms to be paid and are terminable with up to 90 days' written notice.

None of the letters of engagement provide for predetermined amounts of compensation in the event of early termination and there are no further obligations contained within the letters of engagement which could give rise to any remuneration payment or loss of office payment which has not already been disclosed in this Remuneration Policy.

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

Remuneration Policy continued

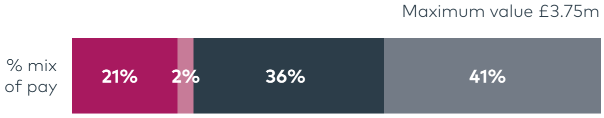
Illustrations of future application of Policy

As detailed in the future Policy table, a significant proportion of remuneration for executive directors is linked to variable pay opportunity, particularly at maximum performance levels, through the short- and long-term incentives, with the intention to ensure a greater link between Company performance and individual reward.

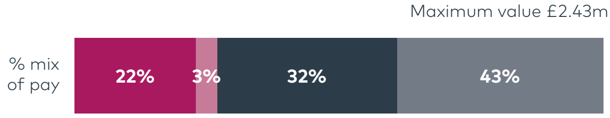
Pay mix chart

The below charts illustrate the percentage mix of fixed and variable pay elements for executive directors based on maximum variable reward outcomes. The total value displayed for each executive director is an illustration of the maximum proposed future policy application as further detailed below.

Ken Gilmartin CEO



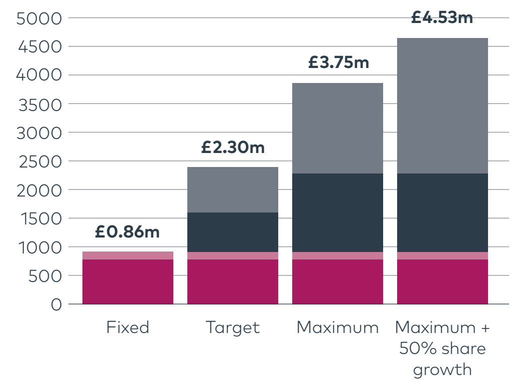
David Kemp CFO



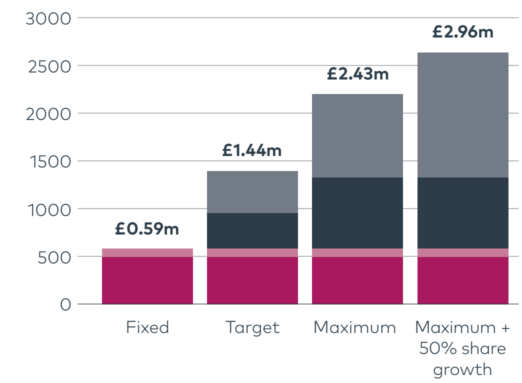
● Fixed pay ● Benefits & Pension ● Short-term incentives ● Long-term incentives

The charts below provide an indication of the level of remuneration, as a value, which could be received by each executive director under the Remuneration Policy as a fixed value, target and maximum performance, as well as an illustration of maximum plus 50% share price growth. These charts are for illustrative purposes only and actual outcomes may differ from those shown.

Ken Gilmartin CEO
(£000's)



David Kemp CFO
(£000's)



● Fixed pay ● Benefits & Pension ● Short-term incentives ● Long-term incentives

Notes to the illustrations of future application of Policy

In all scenarios, fixed remuneration comprises base salary, benefits, and pension. The figures used in preparing the charts are as follows:

- Fixed pay is the salary at 1 January 2023
- Benefits is the last known figure as set out in the single figure of remuneration table for 2022 calculated on an annualised basis
- Pension related benefits are based on 9% of the base salary, covering defined contribution pension or cash allowance in lieu of pension
- Short-term incentives is the annual bonus plan (ABP) and is based on the proposed application of the Policy for 2023 and the base salary. The illustrations above reflect maximum potential opportunity as a percentage of base salary; 175% for the CEO and 150% for the CFO
- Long-term incentives includes the Long Term Incentive Plan (LTIP) awards. The illustrations above reflect the Policy maximum of 200% of base salary. For clarity, any dividend accrual has been excluded from the charts above.

Fixed – It been assumed that each executive director receives base salary, benefits, and pension related benefits only; there are no elements of variable reward included.

Target – It has been assumed that short-term incentives have met target levels, which results in payout at 50% of maximum and that long-term incentive performance is such that awards have vested at 50%.

Maximum performance – It has been assumed that short-term incentives have met maximum levels and that long-term incentive performance is such that awards have vested at maximum level.

Maximum performance plus 50% share price growth – the same assumptions as the 'maximum performance' scenario have been used. The additional impact of share price growth of 50% has been applied to maximum long-term incentive awards.

Remuneration Policy

In reviewing our Policy and its application, the Committee was mindful to consider the following areas as required under the UK Corporate Governance Code and believe that we have fully considered each as described below:

Clarity	We fully disclose our remuneration decision making, targets and outcomes in our annual report on directors' remuneration. We carry out regular shareholder engagement throughout the year as necessary. Our wider workforce remuneration arrangements focus on ensuring we are internally fair, whilst remaining externally competitive. We are improving transparency of our remuneration and seek to gain feedback from our global workforce via our employee engagement surveys and Listening Group Network.
Simplicity	Our performance measures for our short- and long-term incentives are simple and aligned to our stakeholders, with the operation, targets and outcomes fully disclosed in the annual report each year. Where possible we communicate future performance measures and targets, such as in our long-term incentives, but in certain areas, such as short-term incentives, are unable to 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.
Proportionality	As defined in our Policy, total remuneration is more heavily weighted towards variable pay linked to company-wide performance and stakeholder experience. Individual performance is aligned with delivering the long-term strategy. The Committee reserves the right to apply discretion to ensure that poor performance is not rewarded; outcomes may be adjusted to reflect stakeholders experience.
Predictability	The Committee discloses and explains all relevant limits and discretions allowed under the terms of the Policy. This is further demonstrated in the remuneration report each year.
Alignment to culture	Incentive plans are linked to business strategy, overall performance and growth through a mix of financial and non-financial targets. They reward those who exemplify behaviours which align to our purpose, culture and values, aiding delivery our strategy.
Risk	Governance of our remuneration arrangements ensures that rewards are not excessive compared to company results and stakeholder experience. We review our performance measures and targets used in our incentive plans to ensure they do not lead to excessive risks and poor behaviours. The Committee monitors the overall performance of executive directors and assesses the overall outcome of performance in the relevant financial year. Our enhanced malus and clawback provisions safeguard the company against future risk in relation to our short- and long-term incentive plans which applies to awards from 2020.

Executive directors' remuneration

Single figure of remuneration*

The following table sets out the single figure of remuneration received or receivable (£000's) in the year for each of the executive directors for time in role. No remuneration for executive directors was waived during the year.

	Year	Salary [a]	Benefits [b]	Bonus	Long-term incentives [c]	Pension related benefits [d]	Total	Total fixed remuneration	Total variable remuneration
Executive directors									
Ken Gilmartin	**2022**	**£375**	**£68**	**£238**	**£243**	**£34**	**£958**	**£477**	**£481**
David Kemp	**2022**	**£511**	**£14**	**£276**	**£0**	**£46**	**£846**	**£571**	**£276**
David Kemp	2021	£499	£14	£112	£74	£75	£773	£587	£186
Former executive directors									
Robin Watson	**2022**	**£605**	**£26**	**£380**	**£0**	**£54**	**£1,065**	**£685**	**£380**
Robin Watson	2021	£787	£14	£207	£134	£118	£1,260	£919	£341

Notes to the single figure of remuneration

a. Salary received during the year.

b. Taxable benefits received during the year. These include transport allowance and ptrivate medical cover. For Ken this also includes a payment of £50,000 made in August 2022 for relocation costs. Ken also received medical coverage for his dependents whilst they remain in the US to facilitate his relocation; this has been included using a conversion rate of 1 GBP = 1.2324 USD. For Robin, annual leave accrued but not taken was been paid upon termination.

c. The share price used to calculate the LTIP value is £1.35, the closing mid-market share price on 31 December 2022 and vesting date of the award. The share price at grant was £3.64; the value shown is not as a result of share price growth. Long-term incentive payment to Ken Gilmartin formed part of the guaranteed buy-out arrangements upon Ken joining Wood in 2021, prior to his qualifying service as an executive director. The conversion rate used was 1 GBP = 1.2324 USD.

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 ££2,869,258.

The aggregate amount of Company contributions to executive directors' pension schemes was £63,750.

Pension benefits

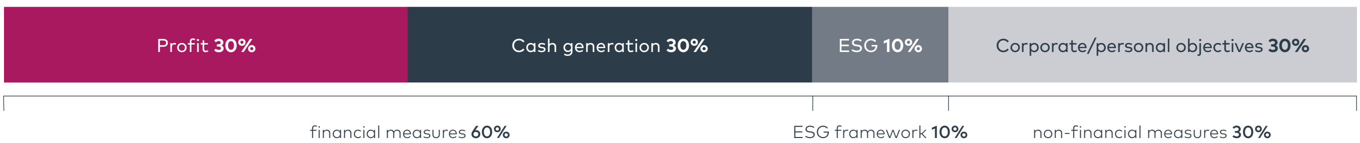
In line with the Policy, executive directors can choose to participate in the relevant local defined contribution pension arrangement or receive a cash allowance in lieu of pension, or a combination thereof. In line with our current Policy and aligned with the wider workforce, payment may be up to 9% of base salary in the UK. Ken Gilmartin received 9% in defined pension contributions; David Kemp chose to receive his full pension entitlement as a cash allowance; and former Executive Director Robin Watson continued to split his pension benefits with 66% as cash allowance and the remainder as defined pensions contributions until his termination date of 30 September 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 2022, the maximum bonus opportunity was 175% of base salary for Robin, 150% for David and 175% for Ken, pro-rated from his appointment date as CEO. Robin's participation was pro-rata to his termination date of 30 September 2022. 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)



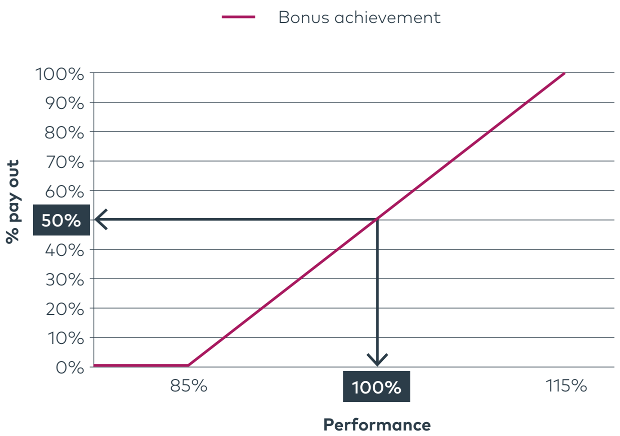
To assure achievement outcomes against targets within variable incentives, performance is considered and approved by the Safety & Sustainability Committee, with a further external independent audit carried out following the end of the financial year as appropriate.

Financial measures and outcomes

Financial measures for the bonus year which ended 31 December 2022 consisted of:

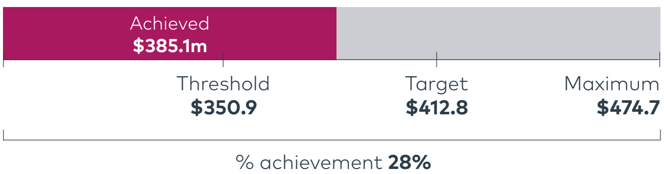
- Profit target – we used EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) as our measure of success
- A cash generation target – this was based on pre-tax cash from operations before exceptional items less capex

Threshold performance for 2022 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:

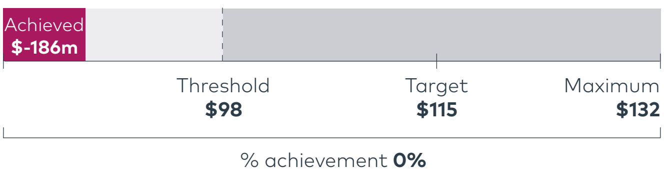


Financial targets were updated by the Committee in November 2022 to reflect the sale of Built Environment Consulting. The Committee has ensured that these targets remain stretching and challenging. These had not previously been disclosed as they were considered commercially sensitive. A summary of the adjusted financial targets and achievements are set out below.

Profit



Cash generation



Note: Illustrations not to scale

ESG measures and outcomes

ESG measures accounted for a total 10% of the maximum bonus opportunity and comprised of three Key Performance Indicators (KPIs), equally weighted. To provide assurance of achievement outcomes against targets, performance is considered and approved by the Safety& Sustainability Committee.

Measure	Target & payment	Achieved
Serious injury and fatality (SIF)	Zero SIFs If this KPI is achieved, 3.33% will be paid; if it is not fully achieved, no payment will be made	Not achieved – 0% payable 2 SIFs recorded during the year
Delivery against leadership safety engagement	Complete 2,589 leadership safety visits. If this KPI is achieved, 3.33% will be paid; if it is not fully achieved, no payment will be made	Fully achieved – 100% payable 3,289 leadership safety visits completed
Improvement in employee engagement score	Payment is made on a straight-line basis between threshold score +7 and maximum score +10. If threshold is not met no payment will be made	Fully achieved – 100% payable Engagement score +12 achieved

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, and 70% of maximum has been achieved by all executive directors.

Corporate performance objectives	Achievements
Strategic plan: Develop initial refreshed strategy for Wood post the sale of Built Environment Consulting, including options for the use of proceeds.	Considerable strategic progress in the last year to strengthen Wood. We reset our balance sheet through the sale of Built Environment Consulting and we addressed our legacy issues. Throughout the year we strengthened our engagement with shareholders, including a perception study in the summer that directly fed into our strategy development and capital allocation decisions. In November 2022 we held a Capital Markets Day to outline our new strategy – for selective growth across energy and materials, along with our three strategic pillars of inspired culture, performance excellence and profitable growth. The event also introduced our investors to our new executive team.
Develop Voice of the Customer Program Develop Voice of the Customer Program with comprehensive metrics to enable strong customer focus.	Customer program and feedback is very positive, clear and was independently verified by Bain, via customer perception study.
Leadership effectiveness Planning and Transition for ELT succession and organisational development. Further develop group-wide culture of strong customer and innovation focus.	Comprehensive CEO transition plan implemented. Wood's leadership capability strengthened, with ELT succession evident through promotion of three key leaders to executive level; good blend of experience and freshness. Market capture, win rates and backlog growth are evidence of Wood's strong customer positioning, validated externally by Bain. Digital and innovation work ongoing and underpins future strategy.

Individual performance objectives

	Objective	Achievement
CEO	**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 Consulting • Restructuring of the business following the sale of Built Environment Consulting • Embedding new consultancy and Strategy & Development leadership teams • Key customer KPIs for engagement, satisfaction, and growth • Further develop digitisation strategy	Sale of Built Environment Consulting completed ahead of time with value maximised despite challenging macro environment. Business restructured, including transition of CEO role, promotion and onboarding of new team members to ELT, and support to colleagues following the tragic death of Nina Schofield, executive president HSSES. Customer engagement plan completed with feedback very positive, supported by win rates and future growth plans.
	Projects business unit Continue to mature our projects business through growth and appropriate risk management.	Significant de-risking of the portfolio and decision taken to cease fixed-price lump sum turnkey projects clearly articulated to investors. We continue to mature the 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 Consulting and restructuring of business • Continue to deliver against our ESG dashboard and commitments	ESG dashboard is now well established and well received internally, with customers and investors. Demonstrable progress across our ESG dashboard through 2022. Wood well positioned in the markets which will deliver across the twin tracks of energy security and energy sustainability.

Individual performance objectives

	Objective	Achievement
CEO	**Active risk management and business ethics leadership** 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 (CMT) through business 'normalisation'/hybrid working in 2022 • Handover of ethics & compliance function to Group legal function	Primary risks have reduced significantly in 2022 through project risk reduction, CMT management through pandemic-end, growth, and the strategic focus on a sustainable and secure energy transition. The anti-bribery and anti-corruption programme progress is effective and enduring, with the ethics & compliance function successfully transferred to report directly to the Legal function and associated reporting to Board level enhanced.

Individual performance objectives

	Objective	Achievement
CFO	**Deliver strategic review of Built Environment Consulting** • Implement Board's decision • Implement sale of business • Gain shareholder approval	Successfully led Board review of strategic options and delivered sale of Built Environment Consulting for an attractive price following approval from shareholders.
	Contribute to the Group strategy post sale of Built Environment Consulting taking responsibility for key financial areas including dividend policy	Played significant leadership role in developing future strategy, with key focus on all financial areas including three-year plan, capital allocation, and target setting. Led and supported global teams with in-depth analysis, leading to development of Capital Markets Day materials.
	Reshape Group's cost base post sale of Built Environment Consulting • Central and shared cost review and implementation • Implement F&A actions	Led review of Group's cost base resulting in c. 20% reduction in central cost base.
	Capital structure and financing: • Develop Financing strategy post sale of Built Environment Consulting • Execute agreed financing strategy ensuring business maintains sufficient liquidity, sufficient covenant headroom and meets audit requirements	Developed and implemented financing strategy, including the negotiation of covenant increases, maintaining appropriate liquidity for business and audit purposes.
	Investor engagement: • Proactive engagement with investor community to ensure support and approval of sale of Built Environment Consulting • Preparation for Capital Markets Day to outline the new investment case for Wood post the sale of Built Environment Consulting	Key leadership role in engaging with, and gaining support from, the investor community for the sale of the Built Environment Consulting. Key leadership role in preparing the post-sale investment case and Capital Markets Day material.

Executive directors' remuneration continued

Bonus award achievement summary

The charts below provide a summary of the overall bonus achievement for each of the executive directors for time in role:

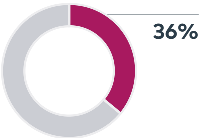
Ken Gilmartin

Final bonus payment:

£237,825

Final award as % of salary: 63%

Final award as a % of max bonus opportunity



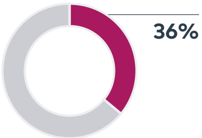
Robin Watson

Final bonus payment:

£379,621

Final award as % of salary: 63%

Final award as a % of max bonus opportunity



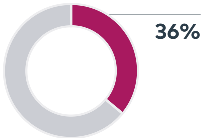
David Kemp

Final bonus payment:

£275,528

Final award as % of salary: 54%

Final award as a % of max bonus opportunity



In 2022 management focused on continuing to de-risk the business; the sale of Built Environment Consulting, which reset the Group; and the development and communication of a new three-year strategy. The Committee was therefore mindful of how to fairly recognise achievements, whilst balancing the experience of wider stakeholders.

Following the completion of the sale of Built Environment Consulting in September 2022, the decision was taken to exclude its contribution from both the original targets set based on the original plans for 2022, and the performance achieved for 2022. This adjustment was based on the original anticipated contribution of the Built Environment Consulting Business to revenue and EBITDA.

Using the discretionary decision matrix for guidance, the Committee consider the experience of all stakeholders during the performance period, including customers, investors, suppliers, and the wider workforce, supported by reports from audit and the Safety & Sustainability Committee.

A full copy of the discretionary decision matrix can be found at **woodplc.com/discretionarymatrix**

75% of the award will be paid in cash, with the remaining 25% deferred into a conditional award of nil-cost shares for a further two years with continued employment a requirement to receive the deferred award, other than for those classified as good leavers as detailed in our Policy. Our malus and clawback provisions safeguard the Company against future risk in relation to this award.

Long-term incentives – Long Term Incentive Plan (LTIP 2020-2022)

The figures set out in the single figure of remuneration table are related to the performance period which ended on 31 December 2022. The participation level for Ken was 125% (based on his previous role as Chief Operating Officer, and awarded as part of his buy-out arrangements upon joining), for Robin was 170% and for David was 149%. To provide assurance of achievement outcomes against targets within variable incentives, performance is considered and approved by the Safety & Sustainability Committee, with a further external independent audit carried out following the end of the financial year as appropriate. 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 2020-2022, including the weightings of the performance measures and the extent to which they were achieved, are set out in the table below.

Measure	Weighting	Threshold	Maximum	Achieved	Award %
TSR[a]	50%	50^{th} percentile	75^{th} percentile	15^{th} position (out of 17)	0%
Gross Margin Improvement (growth from 2020 to 2022)	25%	9%	19%	–29%	0%
Overhead Percentage Improvement (reduction)	25%	2022 performance of 10.3%	2022 performance of 9.8%	11.4%	0%

Notes

a. Total Shareholder Return (TSR) is a measure of the growth in John Wood Group PLC (JWG) share price plus dividends and other shareholder returns over the period; performance is measured relative to a peer group of comparative companies. Each company is ranked and JWG's position in this group used to measure success.

TSR peer group companies

The TSR peer group for the performance period comprised the following companies – Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip FMC, Tetratech, Weir Group, Worley Parsons and WSP.

The Committee applies the following approach when the TSR peer group is impacted by acquisition or other corporate activities during the performance period – if a company has been in the peer group for more than half the performance period then this company will be retained in the peer group, adjusting to the end of the period for the movement in the acquiror's share price. If a company has not been in for half of the performance period, then it will be removed and not replaced. McDermott was removed from the peer group on this basis.

LTIP award achievement summary

Wood did not achieve any of the performance measures and this has been independently assured. Having considered the discretionary matrix, there will be no use of discretion and no award will vest.

Ken Gilmartin participated in LTIP 2020-2022 subject to performance, but with a fixed minimum vesting value of $300,000 as part of his buy-out arrangements upon joining Wood in 2021, prior to his qualifying service as an Executive Director (see page 146 for details).

The discretionary decision matrix can be found at **woodplc.com/discretionarymatrix**

Executive directors' remuneration continued

Leaving arrangements for Robin Watson*

Robin retired from the Company on 30 September 2022, with his termination arrangements complying with the Policy. He received his contractual salary, allowances, benefits and pension benefits up to his retirement date, and this sum is disclosed on the single figure table on page 140.

In line with the 2020 Policy, the Committee deemed that due to leaving for retirement he would be treated as a good leaver under the Long Term Incentive Plan (LTIP), Annual Bonus Plan (ABP), Employee Share Plan (ESP) and Share Incentive Plan (SIP). The Committee determined the following:

- ABP for the 2022 performance period will apply pro rata to 30 September 2022, with 75% of any award paid in cash and 25% as a deferred share based award.
- LTIP 2020-2022 and LTIP 2021-2023 will be reduced on a pro rata basis to 30 September 2022, and will vest subject to performance in 2025 and 2026 respectively.
- ABP deferred award from the 2021 performance period will vest as scheduled in 2024.
- Employee Share Plan and Share Incentive Plan matching shares were released upon termination in line with plan rules.

In line with the 2020 Policy and Robin's contractual agreement, a sum of £457,543 was paid in lieu of outstanding notice comprising salary and benefits for the unexpired period of his notice period in October 2022. This payment is subject to mitigation in the event that Robin takes up a remunerated executive position elsewhere prior to 19 April 2023.

Robin also received a Company contribution towards legal fees of £4,200.

As a former Executive Director, Robin will comply with post employment shareholding requirements outlined in the 2020 Policy in respect of share awards granted from 1 January 2020; 250% of salary in year one following cessation of employment, reducing to 125% of salary in year two. On 1 October 2024, all requirements will cease to be required and restrictions on his share account lifted.

He will not receive any other payment, including for loss of office.

Joining arrangements for Ken Gilmartin

As disclosed at the time of his promotion, 1 July 2022, as CEO Ken receives:

- a base salary of £750,000.
- benefits including an annual transport allowance of £12,360, eligibility for group income protection insurance, private medical insurance, and life assurance of four times base salary (subject to underwriting). These insured benefits are applicable to the wider workforce in the United Kingdom.
- To support with his relocation from USA to the UK, Ken will receive a gross allowance of £150,000, payable in three equal instalments on the normal payroll dates in August 2022, January 2023, and August 2023.
- A pension contribution (or a fixed cash allowance in place of such contribution) of up to 9% of base salary, in line with the maximum pension rate applicable to the wider workforce in the United Kingdom.
- Any annual bonus award as CEO for 2022 would be calculated pro-rata, resulting in a maximum award of 50% of his maximum entitlement (175%) based on salary in his role as CEO.
- Eligible to participate in Wood's Long Term Incentive Plan (the "LTIP"), subject to the rules and limits of the LTIP and performance conditions being met which will be set in line with the Policy. His award for the 2022-2024 performance period was granted to him in his previous role. Any shares received will be subject to the applicable shareholding requirements.
- Ken will be required to build up and maintain a minimum shareholding equal to 250% base salary in line with shareholding requirements set out in the Policy.

Tax advice and filing support will be provided to Ken for a period of three years by the Company for the tax years 2022/23, 2023/24 and 2024/25.

Commitments made prior to him joining the Board will continue to be honoured in accordance with the Policy. This will include legacy arrangements made to facilitate his recruitment to his previous role of Chief Operating Officer which was not an executive director role. Details of these outstanding awards will be included in the annual report, but are summarised below:

- 100,000 restricted stock units, 50% vested in September 2022 and 50% will vest in September 2023. Ken has met the tax liabilities on these vested shares from his own resources, although he is permitted to sell the shares in order to meet such liability.
- Participation in LTIP 2020-2022 with an award of award of up to 187,771 nil cost shares, subject to performance with a fixed minimum vesting value of $300,000.
- Participation in LTIP 2021-2023 with an award of award of up to 209,018 nil cost shares, subject to performance with a fixed minimum vesting value of $900,000.

Payments to past directors*

There were no payments made to past directors which require disclosure during the year.

Share based interests awarded during the year*

The following table sets out the awards made to executive directors under LTIP for the performance period 2022-2024 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.

David's participation level was anchored at 175% of his base salary. However, having carefully considered the material reduction in the share price during 2021 and feedback received, the Committee determined to apply one-off discretion and reduce the participation level to 140% for 2022. In his role as COO, Ken Gilmartin was awarded a conditional award of shares, under the LTP rules, with a face value of £551,311.

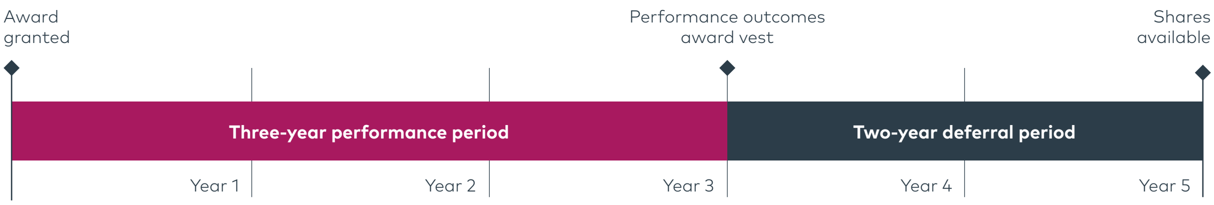
Executive director	Type of award	Participation level	Salary relevant to performance cycle	Face value of award	Performance period	Holding period for 100% of award	Dividends
David Kemp	Conditional award of shares awarded under the LTP rules	140%	£511,024	£715,434	1 Jan 2022 – 31 Dec 2024	Two years from vesting	Dividend equivalents are paid on the vesting date based on the number of vested shares at the end of the performance period

Notes

a. The awards above were granted as conditional share awards based on base salary x participation level, calculated using the 20 days' trading average of £1.88 as at 1 January 2022.

Performance is measured over a period of three financial years, with 100% of any award deferred for a period of two years following the end of the performance period. This timeline for executive director awards is demonstrated below:

LTIP timeline



Updating LTIP targets following the sale of Built Environment Consulting

Following the sale of Built Environment Consulting in 2022 the Committee determined to adjust financial and TSR targets for LTIP 2021-2023, and adjust financial, TSR and leadership gender diversity targets for LTIP 2022-2024 to ensure they remain relevant. For EBITDA and revenue targets the contribution of Built Environment Consulting that was included in the original targets set in 2021 and 2022 has been removed based on the business expectations at that time, and will also be excluded from the performance assessment. The Committee is satisfied that the revised targets remain challenging and stretching, and that based on performance achieved so far, will not materially impact projected outcomes. The TSR peer group has also been updated to remove peer companies that were included due to their market overlap with Built Environment Consulting, and to focus the on peers that are relevant to the energy and materials markets. This has resulted in the removal of Jacobs, WSP, Stantec, Tetratech and Aecom. Maire Technimont and Técnicas Reunidas have been added due to their energy focus. There will be no change to the carbon emission reduction targets. The changes are outlined below:

			Previously disclosed		Updated	
Performance cycle	Performance measure	Weighting %	Threshold	Maximum	Threshold	Maximum
LTIP 2021-2023	EBITDA margin percentage improvement	30%	8.5%	9.8%	7.8%	9.0%
	Revenue growth	10%	$7.36bn	$8.6bn	$6.4bn	$7.2bn
LTIP 2022-2024	EBITDA margin percentage improvement	30%	8.8%	9.6%	7.6%	8.3%
	Revenue growth	10%	$7.3bn	$8.2bn	$5.9bn	$6.6bn
	Improvement in leadership gender diversity	5%	35.0%	36.0%	33.0%	35.0%

Performance cycle	Previously disclosed	Updated
LTIP 2021-2023	Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip Energies, Technip FMC, Tetratech, Worley and WSP.	Aker Solutions, Fluor, Hunting, KBR, Maire Tecnimont, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Technip Energies, Technip FMC, Técnicas Reunidas and Worley.
LTIP 2022-2024	Aecom, Aker Solutions, Fluor, Hunting, Jacobs Engineering, KBR, Petrofac, Saipem, SBM Offshore, SNC Lavalin, Stantec, Technip Energies, Technip FMC, Tetratech, Worley and WSP.	

Executive directors' remuneration continued

Statement of directors' shareholding and share interests

Share interests summary*

The table below sets out the total number of shares held by each executive director as at 31 December 2022, 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 2022 and 28 March 2023 are related to permitted purchases under the Wood employee share plans. David acquired an additional 7,176 during this period. None of the executive directors had a material interest in any contract, other than a service contract, with the Company or any of its subsidiary undertakings.

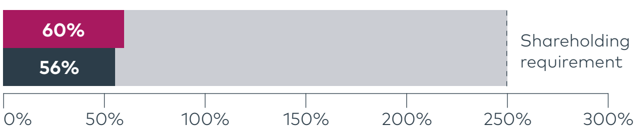
			Unvested share awards		
Beneficial interest	Shares owned outright as at 1 January 2022	Shares owned outright as at 31 December 2022	Share interests without performance conditions	Share interests with performance conditions	Vested unexercised
Executive directors					
Ken Gilmartin	–	309,000	50,000	689,634	–
David Kemp	132,184	168,968	118,877	858,978	30,312
Former executive director					
Robin Watson	464,819	537,736	211,681	626,237	–

Shareholding requirements

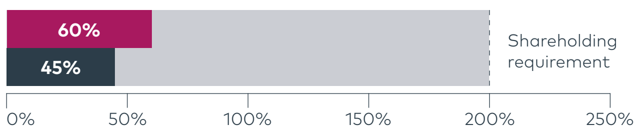
The revised Policy approved at our 2020 AGM requires the CEO to hold shares valued at 250% of base salary and the other executive directors to hold shares valued at 200% of base salary. There is no time period in which they must achieve the requirement. The extent to which each director met the shareholding guidelines as at 31 December 2022 is shown in the chart and tables below shown as two separate calculations (neither include shares held by connected persons as per shareholding requirements detailed in our Policy):

- Calculation 1: Shareholding and shares not subject to any further performance conditions but may be subject to other conditions such as continued employment
- Calculation 2: Shareholding not subject to any further performance or other conditions

Ken Gilmartin



David Kemp



● Calculation 1 ● Calculation 2

Notes to shareholding guidelines achievement

Shareholding is calculated using the closing mid-market share price on 31 December 2022 of £1.35 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 and Ken's recent appointment to the role of CEO. To assist in achieving the shareholding requirement David continued to purchase shares over and above any awards earned during his employment via the Employee Share Plan (ESP) and the Share Incentive Plan (SIP), continuing to contribute 10% of his salary on an ongoing basis. Cumulatively, as of 31 December 2022 he contributed £288,437. Ken purchased an additional 259, 000 shares out of his own resources to assist in building his shareholding. Ken has also paid approximately £31,470 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 2020 Policy, 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 and former executive directors post-cessation. Post-cessation controls are managed through the online system provided by our third-party stock administrator. The Committee will continue to monitor post-cessation shareholding on an annual basis, a summary of shareholding for former executive directors is listed below:

Former executive directors	Date of calculation	Number of shares subject to requirements	Expiry date of all requirements
Robin Watson	30 September 2022	40,283	1 October 2024

Share interests table*

Details of executive directors' interests in long-term incentive and bonus plans as at 31 December 2022; all interests are awarded as share options or conditional share awards:

	Date of award/ performance period	Performance conditions Y/N	Earliest exercise date	Exercise price per share	Market value at date of exercise per share	Number as at 1 Jan 2022	Granted in 2022	Exercised in 2022	Lapsed in 2022	Dividends awarded as additional share options	Number as at 31 December 2022
Ken Gilmartin											
LTIP	2020 – 2022	Y	March 2025	0	–	187,771					187,771
LTIP	2021 – 2023	Y	March 2026	0	–	209,018					209,018
LTIP	2022 – 2024	Y	March 2027	0	–		292,845				292,845
Discretionary Award	30 September 2021	N	September 2023	0	–	50,000					50,000
					Total	**446,789**	**292,845**	**0**	**0**	**0**	**739,634**
David Kemp											
LTIP	2018 – 2020	N	March 2023	0	–	65,091					65,091
LTIP	2019 – 2021	N	March 2024	0	–	146,084			109,563	2,377	38,898
LTIP	2020 – 2022	Y	March 2025	0	–	203,893					203,893
LTIP	2021 – 2023	Y	March 2026	0	–	275,061					275,061
LTIP	2022 – 2024	Y	March 2027	0	–		380,024				380,024
ABP 2019	01 March 2020	N	March 2022	0	–	30,312					30,312
ABP 2021	01 April 2021	N	March 2023	0	–		14,888				14,888
					Total	**720,441**	**394,912**	**0**	**109,563**	**2,377**	**1,008,167**
Total for all executive directors						**1,167,230**	**687,757**	**0**	**109,563**	**2,377**	**1,747,801**

Notes to incentive plan interests table
For LTIP 2018-2020 and 2019-2021, awards vest and are available to exercise after a two-year deferral period. For all awards, dividends accrue on 100% of the final award, where applicable. There has been no change to the exercise price or date of vesting of shares as outlined in this table.

Pay ratio of CEO

The CEO pay ratio is calculated at the 25th, 50th and 75th percentiles for total pay and benefits for all UK employees for the relevant financial year on the same basis as the single figure table as stipulated by The Companies (Miscellaneous Reporting) Regulations 2018. Option B (utilising gender pay gap data as at 5 April 2022) 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.

The CEO pay has been adjusted to reflect full year equivalent and does not include one off relocation arrangements or remuneration received for Ken's previous role as COO to provide meaningful comparison. Figures are adjusted accordingly (such as pension contributions) to ensure best representation of full time equivalent (FTE) employees for the purposes of calculation. Salary and total pay values are included for maximum clarity. The Committee believes that the pay ratio results reflect the Company's internally fair approach to pay through aligned and consistent frameworks. The total pay across the wider workforce is consistent with externally competitive remuneration required for the professional workforce which Wood employs, assisting with an above average pay ratio. We continue to monitor year-on-year changes to the pay ratio as they continue to fluctuate with the evolution of our workforce through integration, divestment, and acquisitive growth. We are confident the pay ratio remains relatively static reflective of aligned remuneration application between executive directors and our wider workforce.

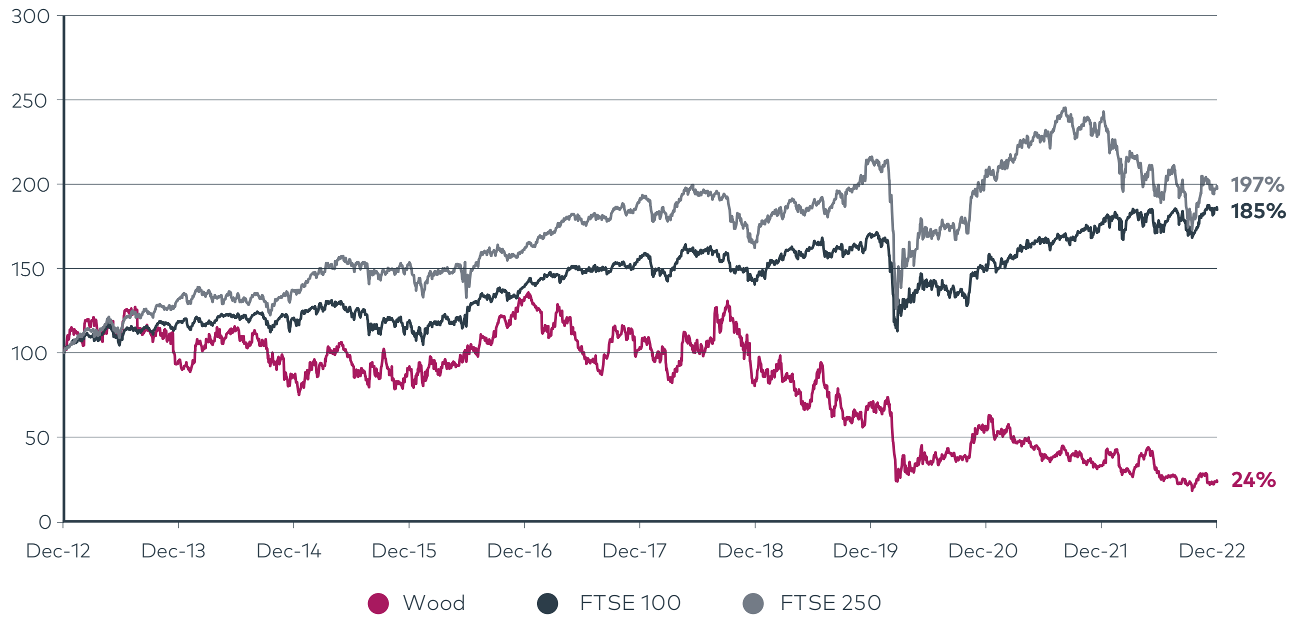
			Ratio of CEO pay to employee pay					
			25th percentile		Median		75th percentile	
Year	Method		Ratio	Value (000s)	Ratio	Value (000s)	Ratio	Value (000s)
2022	Option B	Salary	18:1	£42	12:1	£62	10:1	£75
		Total pay	28:1	£47	19:1	£68	14:1	£93
2021	Option B	Salary	19:1	£41	13:1	£62	11:1	£70
		Total pay	28:1	£45	18:1	£68	15:1	£86
2020	Option B	Salary	19:1	£38	14:1	£54	11:1	£68
		Total pay	29:1	£42	18:1	£66	15:1	£80
2019	Option C	Salary	24:1	£32	18:1	£42	13:1	£59
		Total pay	48:1	£35	36:1	£46	25:1	£68
2018	Option C	Salary	20:1	£34	14:1	£49	11:1	£64
		Total pay	50:1	£38	35:1	£53	26:1	£71

Notes
We reported our CEO pay ratio for the first time in our 2018 annual report using pay data for employees in our integrated systems which represented 64% of all UK employees. In 2019 our calculations included all full pay relevant UK employees in line with Gender Pay Gap calculations. From 2020, our calculations are based on only our Gender Pay Gap report data using the Option B calculation method.

Executive directors' remuneration continued

TSR performance summary & CEO remuneration

In accordance with the reporting regulations, the TSR performance summary is maintained at a 10-year disclosure period. As the Company is included in the UK FTSE 250 index but has been included in the FTSE 100 index for part of the period under review, both the UK FTSE 250 and UK FTSE 100 indices are shown, by way of providing a reasonable TSR comparison. The graph below compares the TSR on a holding of shares in John Wood Group PLC with the TSR on a holding of shares in the companies in the UK FTSE 250 and 100 indices for the last ten financial years.



The total remuneration for the CEO over the same period as the TSR performance graph detailed is listed in the following table. This table includes details of the annual bonus received in each year as a percentage of the maximum opportunity that was available, as well as the long-term incentives which vested in each year as a percentage of the maximum number of shares that could have been received.

CEO remuneration (£000)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
CEO	Bob Keiller	Bob Keiller	Bob Keiller	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Robin Watson	Ken Gilmartin
CEO single figure of total remuneration (£'000)	£1,624	£1,330	£1,146	£1,179	£1,417	£1,875	£1,690	£1,214	£1,260	£1,063	£958
Annual bonus award as a % of maximum opportunity	60%	48%	37%	43%	59%	88%	62%	0%	14%	36%	36%
Long-term incentive vesting as a % of maximum opportunity	79%	51%	16%	25%	11%	0%	0%	50%	25%	0%	–

Notes to CEO remuneration table

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. Robin retired from the Company on 30 September 2022.

Ken Gilmartin was appointed as CEO on 1 July 2022. Long-term incentives vesting during the year were awarded during his time as Chief Operating Officer and vested based on Group performance and the terms of his buy-out arrangement upon joining Wood in 2021, prior to his qualifying service as an executive director (see page 146 for details).

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 CEO, CFO and non-executive directors as per the single figures reported each year and all other employees within the Group. This table will accumulate over a five-year rolling period and excludes long-term incentives and pension in line with the regulations.

Executive directors' salaries were increased in line with the wider workforce from 1 January 2022. Change in remuneration for Robin Watson reflects his pro-rated pay during the year. Change in employee benefits is impacted mainly by the operational nature of our self-funded medical plans in the US and the increase in the global cost of healthcare provision; we continue to experience modest changes in premiums for our non-US employees, but there has been no change to Company funded benefit provision in line with executive directors.

The changes to non-executive directors fees are in line with the proposed increases effective 1 January 2022 as disclosed in our 2021 report. Susan Steele was appointed Safety & Sustainability Chair from 22 June 2022 and the increase in her fees reflects this pro-rata for her period of appointment.

For further commentary on year-on-year changes, refer to previous annual remuneration report disclosures.

		2019 – 2020			2020 – 2021			2021 – 2022		
Year-on-year change (%)		**Salary**	**Benefits**	**Bonus**	**Salary**	**Benefits**	**Bonus**	**Salary**	**Benefits**	**Bonus**
All employees		–1%	7%	–100%	3%	16%	100%	0%	0%	105%
Executive directors	Ken Gilmartin									
	David Kemp	–3%	0%	–100%	8%	0%	100%	3%	0%	145%
Former executive directors	Robin Watson	–3%	0%	–100%	8%	0%	100%	–23%	–25%	83%
Non-executive directors	Roy Franklin	47%			7%			3%		
	Birgitte Brinch Madsen				24%			3%		
	Jacqueline Ferguson	0%			15%			3%		
	Adrian Marsh	36%			8%			3%		
	Nigel Mills				42%			3%		
	Brenda Reichelderfer							36%		
	Susan Steele							49%		

Notes to the percentage change in CEO remuneration

Salary and benefits percentage change for all employees is calculated on a per capita basis using total annual spend (excl. executive directors and bonus values)/ average number of employees in the year as disclosed in Note 32 of the financial statements.

Bonus is calculated as the average award paid to all participants of the Annual Bonus Plan. Participants in the Built Environment Consulting Business historically achieved higher bonus payouts impacting the percentage change in average bonus value.

In line with regulations, pensions and long-term incentives are not required to be included in this table.

Non-executive directors do not receive benefits or bonuses.

The percentage increase in executive director salary and non-executive director fees reported between 2020-2021 reflects the reinstatement of the voluntary 10% reduction with effect from 1 January 2021.

Relative importance of spend on pay

The table below is provided to assist shareholders in assessing the relative importance of the Company's spend on pay. It contains details of the remuneration paid to or received by all employees of the Company as well as the value of distributions to shareholders by way of dividends and share buyback over the previous two years. The figures displayed in this table are impacted by movements in the number of employees each year.

	2022 ($m)	2021 ($m)	Difference ($m)	% change
Remuneration paid to or received by all employees	3,130.0	3,141.8	–11.8	–0.38%
Distributions to shareholders by way of dividend and share buyback	–	–	–	–

Executive directors' remuneration continued

Statement of implementation of Policy in the following financial year

This section provides an overview of how the Committee will implement the Policy in 2023. 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**

Salary	Benefits	Pension related benefits	Shareholding requirements
Base salaries will increase by 3% for both executive directors. Ken Gilmartin's annual salary will be £772,500; and David Kemp's will be £526,355 from 1 January 2023, significantly less than the wider workforce where the budget is 6%.	There will be no change to benefits for 2023. The executive directors will continue to participate in existing benefit arrangements in line with the agreed Policy. Ken will continue to receive additional US benefits for his dependents as part of his relocation arrangement. Both executive directors will remain eligible to participate in the employee share plans, with contributions of up to 10% of gross salary, subject to plan rules; both executive directors have chosen to enrol at 10%.	Both executive directors will remain eligible to participate in the pension arrangement aligned to their country of employment. In the UK this is 9%, aligned with the wider workforce.	As detailed in line our Policy, shareholding requirements are 250% for the CEO and 200% for all other executives.

Short-term incentives

Bonuses will operate with a maximum opportunity of 175% of salary for Ken Gilmartin and 150% of salary for David Kemp. In line with the Policy, 25% of any payment will be deferred into nil cost share based awards for a further two years. Bonus measures will be split between financial and environmental, social and governance (ESG) measures with a balance of 90% financial and 10% ESG reflecting our repositioning for growth.

The ESG framework will comprise of three key performance indicators split as follows:.

- 5% – Voluntary professional turnover
- 2.5% – Fatality and Permanent Impairment (FPI)
- 2.5% – Safety leadership engagement

Achievement of the safety measures will be overseen by the Safety & Sustainability Committee.

Financial measures will comprise of 10% growth, 40% profit and 40% cash measures. Threshold performance remains at 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; 20% of maximum becomes payable for reaching threshold performance; 50% of maximum becomes payable for reaching target performance; and 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 Safety & Sustainability Committee and external auditors as appropriate.

The Committee set the targets for the annual bonus plan for the year ending 31 December 2023 at its meeting in March 2023. 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.

Long-term incentives

Participation levels in 2023 will be 170% of salary for Ken Gilmartin and 149% of salary for David Kemp including a discretionary reduction of 15%. The number of shares granted will be based, as usual, on the 20 days' trading average price as at 1 January 2023.

The performance measures will be 60% EBITDA, 30% on a bespoke TSR peer group and 10% on an ESG framework. All measures are key strategic priorities aligned with value generation for our stakeholders, and with the commitment to deliver financial returns made at our Capital Markets Day in November 2022. Our ESG measures align closely with our long-term sustainability goals to reduce our carbon emissions (Scope 1 and 2) by 40%, and achieve our target of 40% female gender representation by 2030.

The bespoke TSR peer group will be Aker Solutions, Fluor, Hunting, KBR, Maire Technimont, Petrofac, Saipem, SBM, SNC Lavelin, TechnipEnergies, Technip FMC, Técnicas Reunidas and Worley.

The weightings and targets for each of the performance measures are detailed below. No award will be made for less than threshold performance; 25% becomes payable on reaching threshold and 100% is payable on reaching maximum performance. As in prior years, assurance of achievements against measures will be carried out by internal audit and validated by the Safety & Sustainability Committee and external auditors as appropriate.

		Targets	
Performance Measure	Weighting %	Threshold	Maximum
EBITDA	60%	$450m	$525m
Bespoke TSR peer group	30%	50th percentile	75th percentile
Carbon emission reduction from 2019 baseline	5%	26%	37%
Improvement in leadership gender diversity	5%	33%	35%

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.

Chair of the Board and non-executive directors

Single figure of remuneration*

In line with our Policy, non-executive directors receive a base fee in relation to their role. The remuneration of the non-executive directors is reviewed annually by the Chair, CEO and Company Secretary, who make a recommendation to the Board, with changes ordinarily effective from 1 January. Additional fees may be paid for related duties including the senior independent directorship and for chairing, membership, and attendance of certain Board Committees as outlined in our fee structure table. The following table sets out the total single figure of remuneration for the Chair and each of the non-executive directors in the financial year. Fees are pro-rata where there was a change of appointment during the year; further details of Board changes are outlined on page 89.

	Year	Total fees (£'000)
Roy Franklin	**2022**	**£287.0**
	2021	£280.0
Birgitte Brinch Madsen	**2022**	**£58.5**
	2021	£57.0
Jacqui Ferguson	**2022**	**£68.8**
	2021	£67.0
Adrian Marsh	**2022**	**£68.8**
	2021	£67.0
Nigel Mills	**2022**	**£68.8**
	2021	£67.0
Brenda Reichelderfer	**2022**	**£58.5**
	2021	£42.9
Susan Steele	**2022**	**£63.9**
	2021	£42.9
Thomas Botts (to 22 June 2022)	**2022**	**£32.9**
	2021	£67.0

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 2022, including those held by connected persons. Between 31 December 2022 and publication of this annual report. There have been no other changes to non-executive director shareholding detailed below since 31 December 2022.

	Shares owned outright as at 1 January 2022	Shares owned outright as at 31 December 2022
Roy Franklin	15,000	37,000
Birgitte Brinch Madsen	5,000	5,000
Jacqui Ferguson	12,272	20,084
Adrian Marsh	27,000	27,000
Nigel Mills	7,341	7,341
Brenda Reichelderfer	–	15,000
Susan Steele	–	8,500

Agreements for service

Non-executive directors and the Chair have an agreement for service with an initial three-year term, at the end of which a rolling agreement takes effect with no fixed expiry date. The agreement for service can be terminated by either party giving 90 days' notice. Non-executive directors and the Chair are subject to annual re-election (or election for new appointments) at the Annual General Meeting (AGM). The table below details the terms for current directors between the 2022 AGM and expiry of the current term of their agreements if applicable.

	Date of Appointment	Notice period	Current term expiry
Roy Franklin	06 October 2017	90 days	No fixed expiry
Birgitte Brinch Madsen	01 March 2020	90 days	No fixed expiry
Jacqui Ferguson	01 December 2016	90 days	No fixed expiry
Adrian Marsh	10 May 2019	90 days	No fixed expiry
Nigel Mills	01 May 2020	90 days	01 May 2023
Brenda Reichelderfer	31 March 2021	90 days	31 March 2024
Susan Steele	31 March 2021	90 days	31 March 2024

Fee structure

The Chair and non-executive director fee structure for 2022 and 2023 are set out below. Following market benchmarking analysis the Board and Committee determined the Chair, non-executive directors and additional fees would increase by 2%, effective 1 January 2023. Fees will be reviewed again in 2023 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.

	2022 fees per annum	2023 fees per annum
Chair of the Board annual fee	£287,000	£292,740
Annual non-executive director fee inclusive of all Committee attendance	£58,500	£59,670
Additional annual fee for Senior Independent Director	£10,300	£10,500
Additional annual fee for Audit, Risk & Ethics/Remuneration/Safety & Sustainability Chairs	£10,300	£10,500

Changes during the year

Directors appointed
There were no new non-executive directors appointed during the year.

Director changes
Already appointed as a Non-Executive Director, Sue Steele was also appointed Safety & Sustainability Committee Chair effective 22 June 2022.

Directors resigned
Thomas Botts resigned from the Board effective 22 June 2022.

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Financial statements

Group financial statements
The audited financial statements of Wood for the year ended 31 December 2022.

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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 2022 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 172 to 180 and 250 to 251.

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 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit, Risk and Ethics Committee.

We were first appointed as auditor by the shareholders on 11 May 2018. The period of total uninterrupted engagement is for the five financial years ended 31 December 2022.

We have fulfilled our ethical responsibilities and remain independent of the Group in accordance with UK ethical requirements, including the FRC Ethical Standard as applied to listed public interest entities.

Apart from the matters noted below, we have not performed any non-audit services during the year ended 31 December 2022 or subsequently which are prohibited by the FRC Ethical Standard.

During 2023, we identified that certain KPMG member firms had provided preparation of local GAAP financial statement services and foreign language translation services over the period 2019 to 2022 to entities which are residual components and therefore not in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work in each case was undertaken after the group audit opinion was signed by KPMG LLP for each of the impacted financial years and had no direct or indirect effect on John Wood Group Plc's consolidated financial statements.

In our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The audit committee concurred with this view.

Overview		
Materiality: group financial statements as a whole		$30m (2021: $40m) 0.5% (2021: 0.5%) of revenue (2021: 0.5% of normalised revenue)
Coverage		79% (2021: 80%) of group revenue
Key audit matters		**vs 2021**
Recurring risks	Goodwill impairment	▲
	Revenue recognition on fixed price contracts	◀▶
	US asbestos related claims provisions	◀▶
Parent Company recurring risk	Recoverability of Parent Company's investment in subsidiary	▲

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Goodwill impairment (Goodwill – $3,788.6 million, 2021: Goodwill in relation to Projects and Operations CGU's $3,999.2 million). (Goodwill impairment -$493.2 million 2021: $Nil) *Refer to pages 119 and 120 (Audit, Risk and Ethics Committee Report), pages 173 and 176 (accounting policy) and note 10 (financial disclosures).*	**Forecast-based assessment:** The Group estimates recoverable amounts based on value in use which requires significant estimation in forecasting future cash flows and determining revenue growth rates, long term growth rates and discount rates. Global market conditions are challenging which is impacting the global economy. This includes increases in the risk free rate and rising prices, which may impact margins of the group. The market capitalisation of the group is significantly below the carrying value of net assets. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (Note 10) disclose the sensitivity estimated by the Group. The risk over goodwill impairment has increased as a result of increases to risk free rates and discount rates, as well as reduction in group headroom following the sale of Built Environment Consulting.	Our procedures included: • **Assessing methodology:** we assessed whether the principles and integrity of the cash flow model are in accordance with applicable standards. • **Sensitivity analysis:** we performed our own sensitivity analysis including a reasonably possible reduction in forecast cash flows, alternative higher discount rate assumption and lower revenue growth to assess the level of sensitivity to these assumptions • **Our sector experience:** we challenged the cash flow and growth assumptions applied with reference to the accuracy of historical forecasts, group specific factors and wider macro-environment conditions. • **Our sector experience:** we challenged the revenue growth assumptions in the value in use calculations by comparing management's assumptions of growth in market share against external data (such as GDP and industry sector forecasts (including current market expectations of the impact of climate where available)). • **Our valuation expertise:** we challenged the assumptions used by the Group in the calculation of the discount rates, including comparisons with external data sources and by involving our own valuation specialist to assist us in assessing the discount rate assumptions applied. • **Comparing valuations:** We obtained and corroborated explanations regarding significant differences between market capitalisation and the carrying value of the net assets. • **Assessing transparency:** we assessed whether the Group's disclosures relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate, revenue growth rate and long-term growth rate reflected the risks inherent in the possible impairment of goodwill. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the carrying amounts of goodwill, and the impairment recorded, to be acceptable (2021: We found the Group's conclusion that there is no impairment of goodwill to be acceptable).

Independent auditor's report continued

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Revenue recognition on fixed price contracts (Revenue from lump sum contracts – $1,179.8 million, 2021: $1,695.8 million) *Refer to page 119 (Audit, Risk and Ethics Committee Report), pages 173 and 175 (accounting policy) and note 2 and 21 (financial disclosures).*	**Subjective estimate:** 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: • estimate the forecast costs to complete the contract, as revenue is recognised with reference to the percentage of costs incurred relative to total forecast costs on the contract; • incorporate an allowance 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); • 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 • appropriately identify, estimate and provide for loss making contracts. 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. The estimates above impacted revenue of the period, receivables and contract assets, contract liabilities and provisions including those from onerous contracts. The effect of these matters is that, as part of our risk assessment, we determined that revenue from fixed price contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. This includes the Aegis Poland contract disclosed in Note 21, which has the single greatest effect on the estimate. The financial statements (Page 173 and Notes 2 and 21) disclose the estimations made by the Group.	Our procedures included: • **Historical comparisons:** 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; • **Personnel interviews:** we obtained an understanding of the performance and status of a risk-based sample of contracts through discussion with operational and finance contract project teams to consider whether relevant information was included in cost and revenue forecasts. • **Test of detail:** for a risk-based sample of contracts, we 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. • **Test of detail:** 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. • **Test of detail:** for a risk-based sample of contracts the revenue and cost forecasts were assessed and the estimates within the forecasts were challenged by considering the forecast amount of work still to be delivered against historical contract run rates. • **KPMG specialists:** for the Aegis contract, we utilised KPMG Project specialists to identify the risks and opportunities associated with the contract and developed a range of possible contract out-turns and challenged the appropriateness of revenue recognised and provisions held in relation to that contract. We performed an assessment of whether an overstatement of revenue identified through these procedures was material. • **Test of detail:** for a risk-based sample of contracts we reperformed the calculation of revenue based on percentage of completion, with reference to costs incurred. • **Assessing transparency:** assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the estimated revenue. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We considered the amount of revenue recognised on fixed price contracts to be acceptable. (2021: acceptable)

2. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
US asbestos related claims provision ($303.0 million, 2021: $336.8 million) *Refer to page 120 (Audit, Risk and Ethics Committee Report), pages 173, 174 and 179 (accounting policy) and note 21 (financial disclosures).*	**Subjective estimate:** The amount of the US asbestos related litigation provision depends on a number of estimates, including the forecasted number of new claims, the average indemnity settlement amount and the estimated defence costs. 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 21) disclose the sensitivity estimated by the Group.	Our procedures included: • **Our actuarial expertise:** 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 new claims, the average indemnity settlement amount and the estimated defence costs. • **Benchmarking assumptions:** we performed a comparison of key assumptions against our own benchmark ranges which are derived from externally-available data. • **Methodology choice:** we used our own US actuarial specialists to develop our own model to estimate the liability range. • **Test of detail:** we evaluated the assumption for the average indemnity settlement amount against the recent history of claims settled. • **Historical comparisons:** We assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of average indemnity settlement amount and forecasted number of new claims, to the actual outcomes. We evaluated the findings to assess if the current forecast used to develop the US asbestos related claims provision, factored in an appropriate level of risk. • **Assessing valuer's credentials:** we assessed the directors' external valuation expert's competence and objectivity. • **Assessing transparency:** we assessed whether the Group's disclosures relating to the sensitivity of the provision to reasonably possible changes in the average indemnity settlement amount, forecasted number of new claims and estimated defence costs reflected the risks inherent in the estimation of the provision. We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the carrying amount of the US asbestos related claims provision recognised to be acceptable. (2021: acceptable)

Independent auditor's report continued

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Parent Company risk: **Recoverability of parent company's investment in subsidiary** (Investment in subsidiary – \$3,873.6 million, 2021: \$4,370.4 million) (Investment in subsidiary impairment – \$517.5 million, 2021: \$Nil) *Refer to pages 119 and 120 (Audit, Risk and Ethics Committee Report), pages 250 and 251 (accounting policy) and note 1 of the Company financial statements (financial disclosures).*	**Forecast-based assessment:** The carrying amount of the Parent Company's investment in subsidiary represents 50% of the Company's total assets. Due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest overall effect on our Parent Company audit. The market capitalisation of the group is significantly below the carrying value of the investment. The risk has increased as a result of increases to risk free rates and discount rates, as well as reduction in headroom on the investment following the sale of Built Environment Consulting. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the parent company's investment in subsidiary has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The parent company financial statements (Note 1) disclose the sensitivity estimated by the company.	Our procedures included: • **Assessing methodology:** we assessed management's identification of indicators of impairment, which are quantitative and qualitative. • **Comparing valuations:** we compared the carrying amount of the investment with a valuation calculated based on the net present value of relevant cash flows of the Group that were assessed through our procedures responsive to the Group's goodwill impairment risk. We obtained and corroborated explanations regarding significant differences between market capitalisation and the carrying value of the investment. We performed the tests above rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the carrying amount of the investment in subsidiary, and the impairment charge recorded, to be acceptable. (2021: We found the Group's conclusion that there was no impairment of the investment in subsidiary to be acceptable)

Litigation related provisions and contingent liabilities

We continue to perform procedures over litigation related provisions and contingent liabilities. However, following the settlement of the Enterprise legal case, as disclosed in note 5 of the financial statements, 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.

Going concern and exceptional items

We continue to perform procedures over going concern and the appropriate identification and measurement of exceptional items. However, following the sale of the Built Environment Consulting business and the subsequent significant reduction in net debt relevant to debt covenants, we have not assessed these matters as one of the most significant risks in our current year audit and therefore they are not separately identified in our report this year. Please refer to section 5 of our audit report which covers going concern.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at $30 million (2021: $40 million), representing 0.5% (2021: 0.5%) of the benchmark. Our 2021 benchmark was the Group revenue from continuing operations normalised by averaging over 2021, 2020 and 2019 due to the fluctuations caused by COVID-19. In 2022, we consider the 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 $29 million (2021: $39 million), determined with reference to a benchmark of Company total assets, of which it represents 0.4% (2021: 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% (2021: 75%) of materiality for the financial statements as a whole, which equates to $22.5 million (2021: $22.5 million) for the group and $21.75 million (2021: $29.25 million) 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, Risk and Ethics Committee any corrected or uncorrected identified misstatements exceeding $1.5 million (2021: $2.0 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's reporting components, we subjected 5 (2021: 6) to full scope audits for Group purposes and 17 (2021: 15) to specified risk-focused audit procedures over: revenue, cost of sales and trade receivables (13 components (2021: 13)); gross amounts due from customers (13 components (2021: 10)); trade payables (9 components (2021: 9)); cash (15 components (2021: 14)) ; accruals and deferred income (11 components (2021: 8)); provisions (3 components (2021: 2)); administrative expenses (4 components (2021: 2)); prepayments (1 component 2021: 1)); other receivables (2 components (2022: 3)); amortisation (1 component (2021: nil)) and; profit from discontinued operations, net of tax (1 component (2021: nil)). The latter were not individually financially significant enough to require a full scope audit, but were included in the scope of our group reporting work in order to provide further coverage over the Group's results.

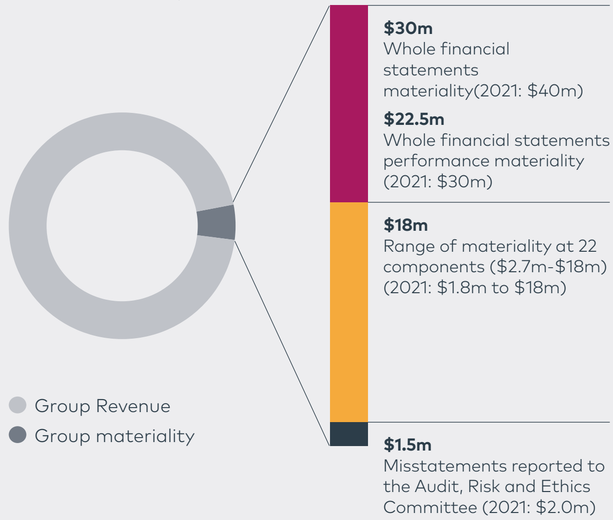
The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

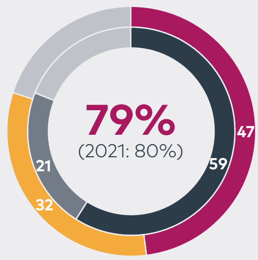
The Group operates shared service centres, the outputs of which are included in the financial information of the reporting components they service and therefore they are not separate reporting components. One (2021: one) shared service centre was subject to specified risk-focused audit procedures, predominantly the testing of transaction processing controls.

Revenue
$5,434.2m (2021 Normalised revenue: $7,774.9m)

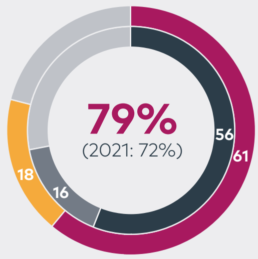
Group materiality
$30m (2021: $40m)



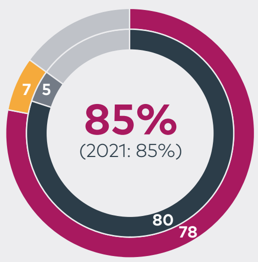
Group revenue



Total profits and losses that made up group loss before tax



Group total assets



- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Full scope for group audit purposes 2021
- Specified risk-focused audit procedures 2021
- Residual components

Independent auditor's report continued

3. Our application of materiality and an overview of the scope of our audit (continued)

The Group team instructed the auditors of 22 (2021: 21) reporting components in 9 (2021: 9) 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 $2.7 million to $18 million (2021: $1.8 million to $18 million), having regard to the mix of size and risk profile of the Group across the components. The work on 20 of the 22 (2021: 19 of the 21) 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 3 (2021: 4) reporting components in 2 of 9 (2021: 2 of 11) locations to assess the audit risks and findings. Video and telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group has set out its commitments on climate change to reduce scope 1 and 2 carbon emissions by 40% by 2030.

Climate change impacts the Group in a variety of ways creating both risks and opportunities to the group. The opportunities include potential for capitalising on the growth in markets arising from energy transition. The risks include demand uncertainty relating to the market's response to climate issues, the pattern of energy transition, and the group's ability to respond to this.

As part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Our risk assessment focused on the risk climate change may pose to the determination of future cash flows used in assessments such as impairment. We held discussions with our own climate change professionals to challenge our risk assessment.

On the basis of our risk assessment, we determined that goodwill impairment is the area which will be the most impacted area of our audit.

As explained in Note 10, 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.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and the Company's ability to meet metrics relevant to debt covenants over this period were:

- the ongoing impact that lasting changes to the energy market from recent years have on the Group's ability to achieve revenue, Adjusted EBITDA and Adjusted EBITA forecasts falling in the going concern period; and
- the ability of the Group to deliver the new strategy outlined to the market.

We considered whether these risks could plausibly affect the covenant compliance in the going concern period by assessing the directors' sensitivities over the covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Inspecting the Revolving Credit Facility Agreement (the "RCF Agreement"), the UK Export Finance loan agreement and the US private placement loan note agreements, evaluating if there were any restrictions in the use of the funds. We inspected these agreement to understand the terms, including assessing the definitions of covenant metrics such as Adjusted EBITA and Net Interest Charges and whether the forecasts used for the purpose of assessing compliance with covenants appropriately reflected those definitions. We reperformed calculations for key financial covenants at each test date falling into the going concern assessment period, in order to test the expected compliance with these covenants and mathematical accuracy of the Directors' calculations.
- Assessing the ability of the Group to forecast accurately, by comparing budgets to historical results for key metrics. We challenged the current forecast assumptions by reference to the findings from the above and assessed whether they reflected market forecasts, changes to the energy market and the Group's new strategy.
- Evaluating whether the key assumptions over revenue growth, Adjusted EBITA and Adjusted EBITDA margin are realistic, achievable and consistent with the external and internal environment and other matters identified in the audit.

We considered whether the going concern disclosure on page 172 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

5. Going concern (continued)

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 172 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 172 to be acceptable; and
- the related statement under the Listing Rules set out on pages 82 and 83 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit, Risk and Ethics Committee, internal audit, the ethics and compliance team, the internal legal team, external law firms and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit, Risk and Ethics Committee, Remuneration Committee, Nomination committee and Safety, Assurance and Business Ethics Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and requests to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group level.

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.

As required by auditing standards, and taking into account possible pressures to meet profit targets and external debt covenant thresholds we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk on fixed price contracts, and the risk of bias in accounting estimates and judgements such as goodwill impairment assumptions.

We did not identify any additional fraud risks.

Further detail in respect of revenue recognition on fixed price contracts and goodwill impairment is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test at Group level and at in-scope components based on risk criteria 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 tested all material post closing journal entries.
- Evaluated the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for all component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report continued

6. Fraud and breaches of laws and regulations – ability to detect (continued)

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 and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the asbestos related litigation and contingent liability matters discussed in notes 21 and 34, we assessed disclosures against our understanding gained through the audit procedures performed including inspection of legal correspondence.

We discussed with the Audit, Risk and Ethics Committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement page 83 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.

7. We have nothing to report on the other information in the Annual Report (continued)

We are also required to review the Viability Statement, set out on page 83 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit, Risk and Ethics Committee, including the significant issues that the Audit, Risk and Ethics Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of 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.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 101, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Glendenning (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

27 March 2023

Consolidated income statement

for the year ended 31 December 2022

		2022			2021 (restated*)		
	Note	Pre-exceptional items $m	Exceptional items $m	Total $m	Pre-exceptional items $m	Exceptional items $m	Total $m
Continuing operations							
Revenue	1,2,5	5,442.2	(8.0)	5,434.2	5,237.7	(25.4)	5,212.3
Cost of sales	5	(4,776.8)	(17.0)	(4,793.8)	(4,617.8)	(73.9)	(4,691.7)
Gross profit		665.4	(25.0)	640.4	619.9	(99.3)	520.6
Administrative expenses	5	(600.6)	(96.2)	(696.8)	(557.8)	(56.4)	(614.2)
Impairment of goodwill and intangible assets	5	–	(542.3)	(542.3)	–	–	–
Share of post-tax profit from joint ventures	13	30.4	–	30.4	31.5	–	31.5
Operating profit/(loss)		95.2	(663.5)	(568.3)	93.6	(155.7)	(62.1)
Finance income	3	6.9	–	6.9	3.3	–	3.3
Finance expense	3,5	(127.2)	(5.9)	(133.1)	(106.9)	(6.3)	(113.2)
Loss before taxation from continuing operations	4,5	(25.1)	(669.4)	(694.5)	(10.0)	(162.0)	(172.0)
Taxation	5,6	(47.3)	36.4	(10.9)	(32.4)	(9.1)	(41.5)
Loss for the year from continuing operations		(72.4)	(633.0)	(705.4)	(42.4)	(171.1)	(213.5)
Discontinued operations							
Profit/(loss) from discontinued operations, net of tax	7	63.3	290.4	353.7	82.0	(4.0)	78.0
(Loss)/profit for the period		(9.1)	(342.6)	(351.7)	39.6	(175.1)	(135.5)
(Loss)/profit attributable to							
Owners of the parent		(13.7)	(342.6)	(356.3)	35.6	(175.1)	(139.5)
Non-controlling interests	29	4.6	–	4.6	4.0	–	4.0
		(9.1)	(342.6)	(351.7)	39.6	(175.1)	(135.5)
Earnings per share (expressed in cents per share)							
Basic	9			(52.4)			(20.6)
Diluted	9			(52.4)			(20.6)
Earnings per share – continuing operations (expressed in cents per share)							
Basic	9			(104.4)			(32.2)
Diluted	9			(104.4)			(32.2)

The notes on pages 172 to 246 are an integral part of these consolidated financial statements.

* The comparative information has been restated due to a discontinued operation outlined in note 7.

Consolidated statement of comprehensive income/expense

for the year ended 31 December 2022

	Note	2022 $m	2021 (restated*) $m
Loss for the year		**(351.7)**	(135.5)
Other comprehensive income from continuing operations			
Items that will not be reclassified to profit or loss			
Re-measurement gains on retirement benefit obligations	**33**	**168.0**	76.2
Movement in deferred tax relating to retirement benefit obligations	**6**	**(41.6)**	(9.5)
Total items that will not be reclassified to profit or loss		**126.4**	66.7
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**28**	**5.1**	7.9
Tax on derivative financial instruments	**6**	**(1.7)**	(3.4)
Exchange movements on retranslation of foreign operations	**28**	**(165.1)**	(51.0)
Total items that may be reclassified subsequently to profit or loss		**(161.7)**	(46.5)
Other comprehensive (expense)/income from continuing operations for the year, net of tax		**(35.3)**	20.2
Other comprehensive (expense)/income from discontinued operations			
Re-measurement gains on retirement benefit schemes	**33**	**2.9**	7.1
Exchange movements on retranslation of foreign operations	**28**	**(57.9)**	(5.3)
Other comprehensive (expense)/income from discontinued operations for the year, net of tax		**(55.0)**	1.8
Total comprehensive expense for the year		**(442.0)**	(113.5)
Total comprehensive expense for the year is attributable to:			
Owners of the parent		**(446.6)**	(117.5)
Non-controlling interests		**4.6**	4.0
		(442.0)	(113.5)

Exchange movements on the retranslation of foreign operations could be subsequently reclassified to profit or loss in the event of the disposal of a business.

* The comparative information has been restated due to a discontinued operation outlined in note 7.

The notes on pages 172 to 246 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2022

	Note	2022 $m	2021 $m
Assets			
Non-current assets			
Goodwill and other intangible assets	**10**	**4,309.1**	6,075.3
Property plant and equipment	**11**	**82.4**	102.2
Right of use assets	**12**	**276.0**	356.1
Investment in joint ventures	**13**	**156.5**	169.7
Other investments	**13**	**56.0**	75.9
Long term receivables	**15**	**129.5**	107.5
Retirement benefit scheme surplus	**33**	**432.4**	259.6
Deferred tax assets	**22**	**61.2**	75.7
		5,503.1	7,222.0
Current assets			
Inventories	**14**	**11.1**	15.9
Trade and other receivables	**15**	**1,545.0**	1,791.3
Financial assets	**15**	**10.8**	7.7
Income tax receivable		**40.7**	55.2
Assets held for sale	**31**	**21.0**	–
Cash and cash equivalents	**16**	**536.7**	503.0
		2,165.3	2,373.1
Total assets		**7,668.4**	9,595.1
Liabilities			
Current liabilities			
Borrowings	**18**	**345.9**	281.9
Trade and other payables	**17**	**1,687.6**	1,998.6
Income tax liabilities		**218.1**	183.2
Lease liabilities	**12**	**83.2**	118.3
Provisions	**21**	**44.9**	159.0
Liabilities held for sale	**31**	**20.6**	–
		2,400.3	2,741.0
Net current liabilities		**(235.0)**	(367.9)
Non-current liabilities			
Borrowings	**18**	**584.0**	1,614.1
Deferred tax liabilities	**22**	**100.1**	72.5
Retirement benefit scheme deficit	**33**	**73.2**	74.7
Lease liabilities	**12**	**259.7**	331.5
Other non-current liabilities	**19**	**106.8**	199.8
Asbestos related litigation	**21**	**311.4**	342.1
Provisions	**21**	**103.4**	134.1
		1,538.6	2,768.8
Total liabilities		**3,938.9**	5,509.8
Net assets		**3,729.5**	4,085.3
Equity attributable to owners of the parent			
Share capital	**24**	**41.3**	41.3
Share premium	**25**	**63.9**	63.9
Retained earnings	**26**	**1,224.4**	1,415.0
Merger reserve	**27**	**2,540.8**	2,540.8
Other reserves	**28**	**(142.4)**	21.0
Total equity attributable to owners of the parent		**3,728.0**	4,082.0
Non-controlling interests	**29**	**1.5**	3.3
Total equity		**3,729.5**	4,085.3

The financial statements on pages 166 to 246 were approved by the board of directors on 27 March 2023 and signed on its behalf by:

Ken Gilmartin, Director David Kemp, Director

The notes on pages 172 to 246 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Note	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Equity attributable to owners of the parent $m	Non–controlling interests $m	Total equity $m
At 1 January 2021		**41.1**	**63.9**	**1,455.2**	**2,540.8**	**69.0**	**4,170.0**	**2.8**	**4,172.8**
(Loss)/Profit for the year		–	–	(139.5)	–	–	**(139.5)**	4.0	**(135.5)**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes	**33**	–	–	76.2	–	–	**76.2**	–	**76.2**
Re-measurement gains on retirement benefit schemes (discontinued)	**33**	–	–	7.1	–	–	**7.1**	–	**7.1**
Movement in deferred tax relating to retirement benefit schemes	**6**	–	–	(9.5)	–	–	**(9.5)**	–	**(9.5)**
Cash flow hedges	**28**	–	–	–	–	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	**28**	–	–	–	–	(51.0)	**(51.0)**	–	**(51.0)**
Net exchange movements on retranslation of foreign operations (discontinued)	**28**	–	–	–	–	(5.3)	**(5.3)**	–	**(5.3)**
Total comprehensive (expense)/income for the year		**–**	**–**	**(69.1)**	**–**	**(48.4)**	**(117.5)**	**4.0**	**(113.5)**
Transactions with owners:									
Dividends paid	**8,29**	–	–	–	–	–	**–**	(2.7)	**(2.7)**
Credit relating to share based charges	**23**	–	–	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	**26**	0.2	–	(0.2)	–	–	**–**	–	**–**
Exchange movements in respect of shares held by employee share trusts	**26**	–	–	1.1	–	–	**1.1**	–	**1.1**
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	**26**	–	–	1.5	–	–	**1.5**	–	**1.5**
Net exchange movements on disposal of foreign currency operations	**28**	–	–	–	–	0.4	**0.4**	–	**0.4**
Transactions with non-controlling interests	**29**	–	–	–	–	–	**–**	(0.8)	**(0.8)**
At 31 December 2021		**41.3**	**63.9**	**1,415.0**	**2,540.8**	**21.0**	**4,082.0**	**3.3**	**4,085.3**
(Loss)/Profit for the year		–	–	(356.3)	–	–	**(356.3)**	4.6	**(351.7)**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes	**33**	–	–	168.0	–	–	**168.0**	–	**168.0**
Re-measurement gains on retirement benefit schemes (discontinued)	**33**	–	–	2.9	–	–	**2.9**	–	**2.9**
Movement in deferred tax relating to retirement benefit schemes	**6**	–	–	(41.6)	–	–	**(41.6)**	–	**(41.6)**
Cash flow hedges	**28**	–	–	–	–	5.1	**5.1**	–	**5.1**
Tax on derivative financial instruments	**6**	–	–	(1.7)	–	–	**(1.7)**	–	**(1.7)**
Net exchange movements on retranslation of foreign operations	**28**	–	–	–	–	(165.1)	**(165.1)**	–	**(165.1)**
Net exchange movements on retranslation of foreign operations (discontinued)	**28**	–	–	–	–	(57.9)	**(57.9)**	–	**(57.9)**
Total comprehensive (expense)/income for the year		**–**	**–**	**(228.7)**	**–**	**(217.9)**	**(446.6)**	**4.6**	**(442.0)**
Transactions with owners:									
Dividends paid	**8,29**	–	–	–	–	–	**–**	(1.1)	**(1.1)**
Credit relating to share based charges	**23**	–	–	20.7	–	–	**20.7**	–	**20.7**
Deferred tax impact of rate change in equity	**6**	–	–	(0.8)	–	–	**(0.8)**	–	**(0.8)**
Other tax movements in equity	**6**	–	–	(1.3)	–	–	**(1.3)**	–	**(1.3)**
Exchange movements in respect of shares held by employee share trusts	**26**	–	–	12.5	–	–	**12.5**	–	**12.5**
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	**26**	–	–	1.7	–	–	**1.7**	–	**1.7**
Net exchange movements on disposal of foreign currency operations	**28**	–	–	–	–	54.5	**54.5**	–	**54.5**
Transactions with non-controlling interests	**29**	–	–	5.3	–	–	**5.3**	(5.3)	**–**
At 31 December 2022		**41.3**	**63.9**	**1,224.4**	**2,540.8**	**(142.4)**	**3,728.0**	**1.5**	**3,729.5**

The notes on pages 172 to 246 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2022

	Note	2022 $m	2021 $m
Reconciliation of loss before tax to cash generated from operations:			
Loss for the period		**(351.7)**	(135.5)
Adjustments (excluding share of joint ventures)			
Depreciation	**11**	**25.2**	34.9
Depreciation on right of use assets	**12**	**82.3**	101.9
Gain on disposal of leases		**–**	(1.0)
Gain on disposal of property plant and equipment	**4**	**(1.6)**	(10.0)
Impairment of goodwill and intangible assets	**10**	**542.3**	–
Impairment of property, plant and equipment	**11**	**0.4**	4.0
Impairment of right of use assets	**12**	**–**	2.0
Impairment of joint ventures	**13**	**2.0**	–
Gain on disposal of investment in joint ventures	**5**	**–**	(14.4)
Amortisation of intangible assets	**10**	**151.9**	189.9
Share of post-tax profit from joint ventures	**13**	**(30.4)**	(31.5)
Gain on disposal of business	**7**	**(514.5)**	–
Net finance costs	**3,7**	**127.9**	112.9
Share based charges	**23**	**20.7**	22.1
Decrease in provisions	**21**	**(123.1)**	(75.6)
Dividends from joint ventures	**13**	**30.1**	26.3
Other exceptional items – non-cash impact	**1**	**35.3**	126.2
Tax charge	**6**	**236.2**	54.9
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
(Increase)/decrease in inventories		**(1.6)**	0.1
Increase in receivables		**(97.5)**	(70.1)
Decrease in payables		**(398.9)**	(326.1)
Exchange movements		**8.1**	2.9
Cash (outflow)/generated from operations		**(256.9)**	13.9
Tax paid		**(103.9)**	(73.5)
Net cash used in operating activities		**(360.8)**	(59.6)

Consolidated cash flow statement continued

for the year ended 31 December 2022

	Note	2022 $m	2021 $m
Cash flows from investing activities			
Disposal of businesses (net of cash disposed)	7	1,751.4	19.3
Purchase of property plant and equipment	11	(27.6)	(22.4)
Proceeds from sale of property plant and equipment		7.1	22.1
Purchase of intangible assets	10	(109.2)	(92.5)
Interest received		4.5	3.1
Cash from short term investments and restricted cash	16	–	12.5
Repayment of loans from joint ventures		–	1.0
Net cash generated from/(used in) investing activities		1,626.2	(56.9)
Cash flows from financing activities			
Repayment of short-term borrowings	30	(35.0)	(33.5)
Proceeds from short-term borrowings	30	88.0	–
Proceeds from long term borrowings	30	–	664.9
Repayment of long-term borrowings	30	(1,039.1)	(335.6)
Payment of lease liabilities	30	(121.6)	(167.6)
Proceeds from SIP shares	26	1.7	1.5
Interest paid		(98.1)	(87.5)
Dividends paid to non-controlling interests	29	(1.1)	(2.7)
Net cash (used in)/generated from financing activities		(1,205.2)	39.5
Net increase/(decrease) in cash and cash equivalents	30	60.2	(77.0)
Effect of exchange rate changes on cash and cash equivalents	30	(26.5)	(5.0)
Opening cash and cash equivalents		503.0	585.0
Closing cash and cash equivalents	16	536.7	503.0

The repayment of long-term borrowings of $1,039.1m includes the partial repayment of $400.0m of the United Kingdom Export Facility, the repayment of $416.3m of the senior loan notes and the reduction in utilisation of the long-term revolving credit facility of $222.8m.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of $103.7m (2021: $147.3m) and for the interest portion of $17.9m (2021: $20.3m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The Group has elected to present a cash flow statement that includes an analysis of all cash flows in total, including both continuing and discontinued operations. Amounts related to the discontinued operation by operating, investing and financing activities are disclosed in note 7.

The notes on pages 172 to 246 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2022

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its customers across the complete lifecycle of their assets, from concept to decommissioning, across a range of energy and materials markets. Details of the Group's activities during the year are provided in the Strategic Report. John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. Copies of the Group financial statements are available from the Company's registered office at 15 Justice Mill Lane, Aberdeen AB11 6EQ.

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement. The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m, unless otherwise stated.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), which includes financial forecasts up to the end of 2024 to reflect severe, but plausible downside scenarios. The directors have considered as part of this assessment the impact of the events that happened post balance sheet date and up to the date of issue of these financial statements.

The Built Environment Consulting business disposal was completed in September, leading to the receipt of gross proceeds of $1,805.3m and has led to a significant reduction in net debt (excluding leases) to $393.2m at 31 December 2022 compared with $1,393m at 31 December 2021. The proceeds have principally been used to pay down the Group's debt facilities including a $400m repayment of the $600m term loan and $416.3m repayment of the US private placement loan notes.

In order to satisfy themselves that they have adequate resources for the going concern assessment period, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants, and the Group's ability to generate cash from trading activities. As of 31 December 2022, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan maturing in July 2026 and $352.0m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due in 2025 or later. At 31 December 2022, the Group had headroom of $1,157.9m under its principal debt facilities and a further $109.7m of other undrawn borrowing facilities, and the Group expect to have sufficient levels of headroom in the severe but plausible downside scenario modelled.

At 31 December 2022, the Group had net current liabilities of $235.0m (2021: $367.9 million).

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 order book visibility and the restored financial strength of the Group's balance sheet.

The Group anticipates growth in priority markets and geographies including conventional energy, which the directors have increased confidence in due to the current market focus on energy security. In addition, the process and chemicals business has strong growth drivers including decarbonisation of facilities and population growth, which facilitates increased demand for chemicals products. The order book as at December 2022 includes a high level of revenue coverage for 2023 which is also improved from prior years and in conjunction with the strong market drivers described above, gives the directors improved confidence in the underlying forecasts.

The directors have also considered severe, but plausible downside scenarios which reflect further material reductions in revenue of between 5% and 10% and a 1% reduction in gross margin 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 which could lead to deferrals or cancellations of contracts by our clients. In each of the scenarios modelled, the financial covenants were passed with significant facility headroom remaining available. In the going concern forecast period, for the June 2023 covenants, due to higher interest rates and elevated levels of net debt, in the 12 months prior, the interest cover ratio reduced, but the covenants are forecast to pass after adjusting for the non-recurring interest which arose on facilities repaid and cancelled during 2022. These repayments were made subsequent to the disposal of the Built Environment Consulting business. In addition, the directors considered the impact of the removal of the receivables financing facility (which is not committed) of $200m and adverse movements in working capital as further sensitivities. The Group still had sufficient headroom to meet its liabilities as they fall due with these additional sensitivities.

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

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

(a) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a large number of fixed price long-term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. 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 from continuing operations amounted to $1,179.8m in 2022 (2021: $1,272.4m).

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 VO is subsequently resolved. This assessment is reconsidered at each reporting date. The assessment is based on discussions with the customer and a range of factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

Where VOs are linked to contract modifications, management recognise associated revenue when such modifications are approved and when the company has an enforceable right to payment. In cases where the price has not been agreed, management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the final price for the contract modification has been agreed.

On the Aegis contract, management deem that the Company is entitled to variable considerations under the existing contractual arrangements. Only the proportion of this deemed entitlement that is assessed as highly probable is recognised as part of the revenue calculation. The assessment of the proportion of the deemed entitlement to VOs that is considered to be highly probable is a judgement made by management in consultation with internal and external experts. The amount of the accumulated recognised VOs in relation to the Aegis contract is material. Refer to note 21 for further details of the 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 12.2% and 13.2% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of 2.4%. A sensitivity analysis has been performed allowing for possible changes to the key assumptions used in the impairment model.

See note 10 for further details.

(c) Provisions and contingent liabilities (judgement and estimate)

The Group records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes contract provisions and provisions for pending legal issues. The Enterprise claim was settled in 2022, with the amount settled being in excess of the amount provided for. Overall, the amount paid to Enterprise was higher than our underlying legal assessment of the merits of the case, but further drawn-out litigation was likely to be costly and carried a risk that a court awarded a figure higher than the amount paid. The excess payment was classed as an exceptional item both by its nature, a historic litigation settlement and by size.

Notes to the financial statements continued

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 3.97% from 1.9% at the end of December 2021. This has resulted in a credit of $35.6m being recognised through the income statement and has been treated as exceptional due to being outwith the control of the Group. The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence.

The Group also recorded a $52.8m exceptional charge with respect to the asbestos liability in the period and was a result of an updated actuarial review which updated the best estimate for recent claims experience and latest projections. Further details of the asbestos liabilities are provided in note 21 including a sensitivity analysis showing the impact of changes to the key assumptions.

(d) Retirement benefit schemes (estimate)

The value of the Group's retirement benefit schemes surplus/deficit is determined on an actuarial basis using several assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 33. The principal assumptions that impact the carrying value are the discount rate, the inflation rate and life expectancy. The Group determines the appropriate assumptions to be used in the actuarial valuations at the end of each financial year following consultation with the retirement benefit schemes' actuaries. In determining the discount rate, consideration is given to the interest rates of high-quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The inflation rate is derived from the yield curve used in deriving the discount rate and adjusted by an agreed risk premium. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. The Group, in conjunction with the schemes' actuaries, continues to monitor the impact of the Covid-19 pandemic on mortality data. The tax rate applied to the surplus of the UK scheme is 25%, on the basis that there is no expectation that the manner of any future recovery would be in the form of a refund, which would be taxed at 35%.

The majority of pension scheme assets have quoted prices in active markets. Scheme assets are revalued at least once per annum to reflect their fair value. Fair value is based on market price information. If this is not available, the most recent transaction price, revenue or earnings-based valuations using unobservable inputs may be used for level 3 investments in the fair value hierarchy.

Further details of the assumptions and measurements outlined can be seen in note 33.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of acquisition or up until the date of divestment as appropriate. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Joint ventures and joint operations

A joint venture is a type of joint arrangement where the parties to the arrangement share rights to its net assets. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's interests in joint ventures are accounted for using equity accounting. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture from the acquisition date. The results of the joint ventures are included in the consolidated financial statements from the date the joint control commences until the date that it ceases. The Group includes its share of joint venture profit on the line 'Share of post-tax profit from joint ventures' in the Group income statement and its share of joint venture net assets in the 'investment in joint ventures' line in the Group balance sheet.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for joint operations by recognising the appropriate proportional share of revenue, expenses, assets and liabilities.

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:

	2022	2021
Average rate £1 = $	**1.2324**	1.3757
Closing rate £1 = $	**1.2029**	1.3545

Foreign currencies

In each individual entity, transactions in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date with any exchange differences taken to the currency translation reserve.

Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Group recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and the related revenue recognition policies.

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price contacts

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. 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.

Notes to the financial statements continued

Finance expense/income

Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees and expenses in respect of the Group's debt facilities are amortised over the period which the Group expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration, IFRS 16 lease liabilities and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the Group's retirement benefit schemes are also included in finance income/expense. See note 3 for further details.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividends payable

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. See note 8 for further details.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting when control is transferred to the Group. The consideration transferred is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Intangible assets arising on business combinations are tested for impairment when indicators of impairment exist. Acquisition costs are expensed and included in administrative expenses in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Software	3-5 years
Development costs and licenses	3-5 years

Intangible assets on acquisition

Customer contracts and relationships	5-13 years
Order backlog	2-5 years
Brands	16 years

As detailed in note 10, the Group has reassessed the useful life of the brand intangible asset to 16 years following a review of the use of the brand in each of the CGUs. Following this review, an impairment charge of $44.9m was booked and the remaining useful life was reduced accordingly. The anticipated amortisation charge in 2023 to be taken against the brand is around $25m based on 2022 average exchange rates and compares with the $24.1m charge booked in 2022.

Property plant and equipment

Property plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Freehold buildings	25-50 years
Leasehold improvements	period of lease
Plant and equipment	3-10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the Group's policy with respect to the right of use assets.

Impairment

The Group performs impairment reviews in respect of PP&E, investment in joint ventures and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out impairment reviews in respect of goodwill, at least annually. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Impairment losses are recognised in profit or loss. They are allocated to first reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to the appropriate CGU or groups of CGUs that are expected to benefit from the synergies of the combination. The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

See note 10 for further details of goodwill impairment testing and note 13 for details of impairment of investment in joint ventures.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The Group presents balances that are part of a pooling arrangement with no right of offset on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are typically classified as Held to Collect.

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group has 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 15 for further details.

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade and other receivables and beyond 12 months are recorded within Long term receivables. The Group's asbestos related assets have been discounted using an appropriate rate of interest.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

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 22 for details.

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes. The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

Notes to the financial statements continued

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 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 21 for further details.

Where the outcome is less than probable, but more than remote or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material.

Share based charges relating to employee share schemes

The Group has recorded share based charges in relation to a number of employee share schemes.

Charges are recorded in the income statement as an employee benefit expense for the fair value of share options (as at the grant date) expected to be exercised under the Executive Share Option Schemes ('ESOS'). Amounts are accrued over the vesting period with the corresponding credit recorded in retained earnings.

Awards are allocated under the Group's Long Term Plan ('LTP') which is the incentive plan in place for executive directors and certain senior executives. The charge for awards granted under the LTP is based on the fair value of those awards at the grant date, spread over the vesting period. The corresponding credit is recorded in retained earnings. For awards that have a market related performance measure, the fair value of the market related element is calculated using a Monte Carlo simulation model.

Employees may also be granted non-performance awards either in the form of conditional share awards or share options. These awards typically have a three year vesting period.

The Group has an Employee Share Plan ("ESP") under which employees contribute regular monthly amounts 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 27 for further information.

Discontinued operations

The Group has classified its Built Environment Consulting business as a discontinued operation for the reporting period ending 31 December 2022. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income are presented as if the operation had been discontinued from the start of the comparative period. Classification as held for sale was from 1 January 2022 and in September 2022, the sale of this business was completed. Details are outlined in note 7.

Segmental reporting

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker ('CODM'), the Group's Chief Executive. Our financial reporting segments reflect our current operating model which consists of Projects, Operations, Consulting and Investment Services ("IVS"). Projects is focused on providing front-end engineering services, procurement and project management. Our Operations segment focuses on improving operational efficiency by providing maintenance, modification and operation services. Consulting is a multi-sector specialist technical consultancy division providing innovative thinking needed to maximise value at every stage of the asset life cycle Investment Services manages a range of legacy or non-core businesses and investments with a view to generating value via remediation and restructuring.

Due to changes made to internal management reporting from 1 January 2022, the Group is reporting a new operating segment known as Built Environment Consulting. This operating segment reflects the Built Environment Consulting business which has been disposed of in 2022 and was reported within the Consulting segment in prior periods. Comparatives have been restated to show this change, as noted throughout the financial statements.

Notes to the financial statements continued

The Chief Executive measures the operating performance of these segments using 'Adjusted EBITDA' (Earnings before interest, tax, depreciation and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the Chief Executive who is responsible for allocating resources and assessing performance of the operating segments.

Assets and liabilities held for sale

Disposal groups are classified as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Disposal groups are measured at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

Research and development government credits

The Group claims research and development government credits predominantly in the UK, US, Canada and Australia. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

Government grants

The Group recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and that the grant will be received. This may be a judgemental matter, particularly when governments are introducing new programmes that may require new legislation, or for which there is little established practice for assessing whether the conditions to receive a grant are met. If the conditions are met, then the Group recognises government grants as a credit in profit or loss in line with its recognition of the expenses that the grants are intended to compensate.

The Disclosure of impact of new and future accounting standards

Standards issued but not yet effective

The Group is required to comply with the requirements of IFRS 17 Insurance Contracts for reporting periods beginning on or after 1 January 2023. The new accounting standard sets out the requirements that the Group should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds.

The Group is undertaking an assessment of its insurance contracts held under its captive insurance company, Garlan Insurance Limited, and will fully adopt this standard from 1 January 2023. At this stage, the impact of the accounting standard is not expected to have a material impact on the Group financial statements.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* clarifies that for the purposes of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract. The Group undertook a review of its material onerous contracts and concluded that the amendment to the accounting standard is not expected to have a material impact on the Group financial statements.

Amendments to other existing standards do not have a material impact on the financial statements.

1 Segmental reporting

During the year, the Group monitored activity and performance through five operating segments; Projects, Operations, Consulting, Built Environment Consulting and Investment Services ('IVS'). The Group is reporting a new Built Environment Consulting segment due to changes made to internal management reporting in respect of the sale of the Built Environment Consulting business. Built Environment Consulting is a new segment in addition to the reportable segments previously shown in the 2021 Annual Report. Comparatives in the table below have been restated to reflect this change.

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 reportable operating segments for the year ended 31 December 2022 includes the following:

	Revenue (3)		**Adjusted EBITDA(1)**		**Operating profit/(loss)**	
Reportable operating segments	**2022 $m**	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m
Projects	**2,211.2**	2,339.8	**168.7**	167.7	**(125.3)**	(19.6)
Operations	**2,406.9**	2,098.1	**147.6**	171.6	**(344.3)**	57.8
Consulting (restated) (4)	**625.3**	599.2	**73.1**	77.2	**(6.2)**	32.5
Built Environment Consulting (discontinued) (4)	**881.1**	1,188.3	**72.9**	149.6	**66.2**	94.4
Investment Services	**198.8**	200.6	**69.3**	64.4	**46.2**	(52.1)
Central costs (2)	**–**	–	**(73.6)**	(76.6)	**(138.7)**	(80.7)
Total Group	**6,323.3**	6,426.0	**458.0**	553.9	**(502.1)**	32.3
Elimination of discontinued operation (4)	**(881.1)**	(1,188.3)	**(72.9)**	(149.6)	**(66.2)**	(94.4)
Total (continuing operations)	**5,442.2**	5,237.7	**385.1**	404.3	**(568.3)**	(62.1)
Finance income					**6.9**	3.3
Finance expense					**(133.1)**	(113.2)
Loss before taxation from continuing operations					**(694.5)**	(172.0)
Taxation					**(10.9)**	(41.5)
Loss for the year from continuing operations					**(705.4)**	(213.5)
Profit from discontinued operation, net of tax					**353.7**	78.0
Loss for the year					**(351.7)**	(135.5)

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 $8.0m (2021: $25.4m) which is in respect of the Projects (2021: Investment Services) operating segment.
4. The Group's Built Environment Consulting business, shown by the operating segment named 'Built Environment Consulting', was previously included within the Consulting segment. Built Environment Consulting has been classified as a discontinued operation for the year ended 31 December 2022 (see note 7) and the comparative periods have been restated to show the results of this discontinued operation.

Reconciliation of Alternative Performance Measures	**2022 $m**	2021 $m
Operating loss per income statement	**(568.3)**	(62.1)
Share of joint venture finance expense and tax (note 13)	**14.3**	15.3
Exceptional items (note 5)	**663.5**	155.7
Amortisation (including joint ventures)	**153.4**	169.1
Depreciation (including joint ventures)	**29.3**	35.1
Depreciation of right of use assets	**90.5**	85.9
Impairment of joint venture investments, PP&E and right of use assets	**2.4**	5.3
Adjusted EBITDA (continuing operations)	**385.1**	404.3
Discontinued operation		
Operating profit (discontinued)	**66.2**	94.4
Exceptional items (note 5)	**6.7**	4.0
Amortisation (including joint ventures)	**–**	22.6
Depreciation (including joint ventures)	**–**	4.0
Depreciation of right of use assets	**–**	23.9
Impairment of PP&E and right of use assets	**–**	0.7
Adjusted EBITDA (discontinued operation)	**72.9**	149.6
Total Group Adjusted EBITDA	**458.0**	553.9

Upon classification as a discontinued operation and held for sale on 1 January 2022, the Built Environment Consulting disposal group was not depreciated or amortised in line with the IFRS 5 accounting standard.

Notes to the financial statements continued

1 Segmental reporting (continued)

Analysis of joint venture profits by segment	Adjusted EBITDA(1) 2022 $m	2021 $m	Operating profit 2022 $m	2021 $m
Projects	**3.9**	3.5	**3.5**	3.2
Operations	**15.2**	13.2	**13.0**	12.0
Consulting	**–**	0.1	**–**	0.1
Investment Services	**39.4**	43.9	**28.2**	31.5
Total	**58.5**	60.7	**44.7**	46.8

The main joint ventures contributing to Adjusted EBITDA and Operating Profit within the Group's Investment Services segment are EthosEnergy and RWG. The results of these joint ventures are disclosed further in note 13.

Other segment items

At 31 December 2022	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	**7.3**	**11.6**	**1.3**	**3.1**	**3.2**	**1.1**	**27.6**
Intangible assets	**43.3**	**49.5**	**18.2**	**0.2**	**–**	**4.7**	**115.9**
Non-cash expense							
Depreciation	**8.7**	**10.3**	**1.0**	**–**	**1.1**	**4.1**	**25.2**
Depreciation of right of use assets	**34.4**	**17.5**	**8.3**	**–**	**10.6**	**11.5**	**82.3**
Amortisation	**77.7**	**36.7**	**27.5**	**–**	**–**	**10.0**	**151.9**
Impairment of intangible assets	**113.3**	**396.3**	**32.7**	**–**	**–**	**–**	**542.3**
Exceptional items (non-cash element)	**14.3**	**–**	**1.8**	**–**	**–**	**19.2**	**35.3**

At 31 December 2021	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	7.1	8.3	2.2	3.0	–	1.8	22.4
Intangible assets	28.6	33.0	30.7	0.3	–	1.6	94.2
Non-cash expense							
Depreciation	9.9	12.8	1.0	4.1	1.0	6.1	34.9
Depreciation of right of use assets	36.9	17.4	12.0	24.0	3.3	8.3	101.9
Amortisation	93.9	27.7	23.4	22.6	–	22.3	189.9
Exceptional items (non-cash element)	1.3	35.4	7.3	–	101.6	(19.4)	126.2

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 $4.1m (2021: $4.2m), depreciation in respect of joint venture right of use assets totals $8.2m (2021: $7.9m) and joint venture amortisation amounts to $1.5m (2021: $1.8m).

Geographical segments	Non-current assets 2022 $m	2021 $m	Revenue (continuing operations) 2022 $m	2021 $m
United States of America	**2,082.2**	3,214.9	**1,423.5**	1,655.4
United Kingdom	**803.4**	960.4	**731.5**	702.2
Canada	**436.8**	728.5	**383.2**	339.2
Norway	**103.2**	112.1	**342.3**	193.2
Australia	**150.3**	196.6	**331.9**	344.5
Brunei	**10.2**	11.5	**232.9**	210.3
Saudi Arabia	**102.6**	105.2	**187.5**	83.4
Singapore	**96.6**	104.3	**109.0**	142.4
Germany	**15.3**	16.5	**89.2**	163.3
Kuwait	**220.7**	234.4	**70.3**	131.1
Rest of the world	**858.7**	1,094.8	**1,540.9**	1,272.7
Total	**4,880.0**	6,779.2	**5,442.2**	5,237.7

Non-current assets includes goodwill and other intangible assets, property plant and equipment, right of use assets, investment in joint ventures and other investments. Revenue in the table above analyses total revenue and does not reflect the $8.0m (2021: $25.4m) exceptional item as disclosed on the Income Statement.

2 Revenue

Revenue by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyses total revenue excluding our share of joint venture revenue.

Primary geographical market	**Projects 2022 $m**	Projects 2021 $m	**Operations 2022 $m**	Operations 2021 $m	**Consulting 2022 $m**	Consulting 2021 $m	**Built Environment Consulting 2022 (discontinued) $m**	Built Environment Consulting 2021 (discontinued) $m	**IVS 2022 $m**	IVS 2021 $m	**Total 2022 $m**	Total 2021 $m
USA	**593.7**	856.3	**457.5**	459.9	**233.3**	194.7	**544.7**	767.0	**139.0**	144.5	**1,968.2**	2,422.4
Europe	**379.1**	374.7	**820.4**	723.5	**188.2**	174.0	**62.3**	110.2	**27.5**	23.8	**1,477.5**	1,406.2
Rest of the world	**1,238.4**	1,108.8	**1,129.0**	914.7	**203.8**	230.5	**274.1**	311.1	**32.3**	32.3	**2,877.6**	2,597.4
Revenue	**2,211.2**	2,339.8	**2,406.9**	2,098.1	**625.3**	599.2	**881.1**	1,188.3	**198.8**	200.6	**6,323.3**	6,426.0
Major service lines												
Energy												
Oil & Gas	**704.7**	578.2	**1,989.7**	1,647.7	**316.6**	350.4	**–**	–	**18.7**	1.1	**3,029.7**	2,577.4
Power	**145.0**	97.2	**93.5**	70.4	**8.8**	13.0	**–**	–	**39.0**	64.7	**286.3**	245.3
Renewables, Hydrogen and Carbon Capture	**112.5**	258.2	**28.6**	25.1	**76.7**	59.0	**–**	–	**5.0**	2.3	**222.8**	344.6
Materials												
Refining & chemicals	**801.3**	836.0	**224.9**	246.0	**62.5**	61.7	**–**	–	**–**	5.4	**1,088.7**	1,149.1
Minerals Processing and Life Sciences	**417.4**	441.1	**19.5**	22.1	**43.9**	57.0	**–**	–	**–**	39.7	**480.8**	559.9
Other												
Built Environment	**5.4**	5.8	**44.2**	68.8	**10.2**	5.5	**881.1**	1,188.3	**136.1**	87.4	**1,077.0**	1,355.8
Industrial Processes	**24.9**	123.1	**6.5**	18.0	**100.8**	42.9	**–**	–	**–**	–	**132.2**	184.0
Other	**–**	0.2	**–**	–	**5.8**	9.7	**–**	–	**–**	–	**5.8**	9.9
Revenue	**2,211.2**	2,339.8	**2,406.9**	2,098.1	**625.3**	599.2	**881.1**	1,188.3	**198.8**	200.6	**6,323.3**	6,426.0

The Group's revenue is largely derived from the provision of services over time.

Revenue from continuing operations in 2022 included $4,262.4m (78%) (2021: $3,965.3m, 74%) from reimbursable contracts and $1,179.8m (22%) (2021: $1,272.4m, 26%) 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 $6.2m (2021: $7.5m) of revenue which had no associated cost.

	Continuing operations		**Discontinued operations**		**Total**	
	2022 $m	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m
Total revenue	**5,442.2**	5,237.7	**881.1**	1,188.3	**6,323.3**	6,426.0

Total revenue does not reflect the $8.0m (2021: $25.4m) exceptional item as disclosed on the Income Statement. This exceptional item relates to the Projects (2021: Investment Services) business unit.

Contract assets and liabilities

The following table provides a summary of contract assets and liabilities arising from the Group's contracts with customers.

	2022 $m	2021 $m
Trade receivables	**679.6**	729.6
Non-current contract assets	**97.0**	66.5
Gross amounts due from customers	**556.9**	628.1
Gross amounts due to customers	**(113.0)**	(202.5)
	1,220.5	1,221.7

Notes to the financial statements continued

2 Revenue (continued)

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.

Non-current contract assets of $97.0m includes $72.9m of gross amounts due from customers and $1.4m of trade receivables in relation to the Aegis contract as at 31 December 2022. The corresponding balances as at 31 December 2021 amounted to $66.5m, with $46.6m included in gross amounts due from customers and $19.9m of trade receivables. The increase in the non-current contract assets is mainly as a result of the Aegis contract progression towards completion. The Group has classified the receivable balances as non-current, due to the element of uncertainty surrounding the timing of the receipt of these balances. Refer to note 21 for further details of the 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. A reduction in each of the balances outlined above is observed as a result of the disposal of the Built Environment Consulting business.

Revenue recognised in 2022 which was included in gross amounts due to customers and deferred income at the beginning of the year of $194.0m represents amounts included within contract liabilities at 1 January 2022. Revenue recognised from performance obligations satisfied in previous periods of $14.6m represents revenue recognised in 2022 for performance obligations which were considered operationally complete at 31 December 2021.

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 2022 was as follows:

$m	Year 1	Year 2	**Total**
Revenue	3,539.3	1,905.8	**5,445.1**

The Group has not adopted the practical expedients permitted by IFRS 15, therefore all contracts which have an original expected duration of one year or less have been included in the table above. The estimate of the transaction price represents contractually agreed backlog and does not include any amounts of variable consideration which are constrained. The Group continues to move into a reimbursable contract model, moving away from lump sum contracts which are inherently riskier. 83% of future performance obligations relate to reimbursable contracts and the remainder to lump sum.

3 Finance expense/(income)

	2022 $m	2021 $m (restated)
Interest payable on senior loan notes	**40.3**	35.9
Interest payable on borrowings	**47.2**	32.8
Amortisation of bank facility fees	**10.5**	7.4
Unwinding of discount on other liabilities	**0.9**	0.1
Lease interest (note 12)	**16.4**	17.7
Other interest expense	**11.9**	13.0
Finance expense – continuing operations (pre-exceptional items)	**127.2**	106.9
Unwinding of discount on asbestos provision (note 5)	**5.9**	6.3
Finance expense – total	**133.1**	113.2
Interest receivable	**(4.5)**	(3.1)
Interest income – retirement benefit obligations (note 33)	**(2.4)**	(0.2)
Finance income	**(6.9)**	(3.3)
Finance expense – total – net	**126.2**	109.9

Net interest expense of $4.4m (2021: $3.6m) has been deducted in arriving at the share of post-tax profit from joint ventures.

The unwinding of discount on the asbestos provision is $5.9m (2021: $6.3m) and includes the unwinding of discount on long-term asbestos receivables (note 21). This is presented within exceptional items in line with the Group's accounting policies.

4 Profit before taxation

	2022 $m	2021 $m
The following items have been charged/(credited) in arriving at profit before taxation:		
Employee benefits expense (note 32)	**3,130.0**	3,141.8
Amortisation of intangible assets (note 10)	**151.9**	189.9
Depreciation of property plant and equipment (note 11)	**25.2**	34.9
Depreciation of right of use assets (note 12)	**82.3**	101.9
Gain on disposal of property plant and equipment	**(1.6)**	(10.0)
Impairment of intangible assets	**542.3**	–
Foreign exchange losses	**4.2**	2.0

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.

An impairment charge of $542.3m was recorded against intangible assets and related to goodwill, brands and customer relationships.

Services provided by the Group's auditors and associate firms

During the year the Group obtained the following services from its auditors, KPMG and associate firms at costs as detailed below:

	2022 $m	2021 $m
Fees payable to the Group's auditors and its associate firms for		
Audit of parent company and consolidated financial statements	**8.7**	5.5
Audit of financial statements of subsidiaries of the Company	**2.4**	2.8
Total statutory audit fees	**11.1**	8.3
Fees payable to the Group's auditor for the audit on non-statutory financial statements	**0.6**	–
Audit related assurance services	**0.5**	0.4
Other assurance services	**1.4**	–
Tax and other services	**–**	0.1
	13.6	8.8

The ratio of audit related services to other non-audit services is 1: 0.18.

The fees of $8.7m disclosed for 'Audit of parent company and consolidated financial statements' disclosed in 2022 include $1.8m fees relating to audit work performed in respect of the 2021 consolidated financial statements.

Fees payable to the Group's auditor for the audit of non-statutory financial statements relate to the audit of carve-out financial statements of Built Environment Consulting.

Other assurance services are Reporting Accountant services performed by KPMG in relation to the Built Environment Consulting business disposal.

5 Exceptional items

	2022 $m	2021 $m
Exceptional items included in continuing operations		
Aegis contract loss (revenue)	**–**	25.4
Aegis contract loss (cost of sales)	**–**	73.9
Power and Industrial EPC losses (revenue)	**8.0**	–
Power and Industrial EPC losses (cost of sales)	**17.0**	–
Impairment of goodwill and intangible assets (note 10)	**542.3**	–
Gain on sale of business	**–**	(14.4)
Redundancy, restructuring and integration costs	**30.1**	73.9
Investigation support costs and provisions	**(4.2)**	–
Enterprise settlement	**35.6**	–
Asbestos yield curve, costs and fees	**21.5**	(3.1)
Russia exit costs and charges	**13.2**	–
Exceptional items included in continuing operations, before interest and tax	**663.5**	155.7
Unwinding of discount on asbestos provision	**5.9**	6.3
Tax charge/(credit) in relation to exceptional items	**5.2**	(1.2)
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	**(41.6)**	–
Exceptional items included in continuing operations, net of interest and tax	**633.0**	171.1

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.

Notes to the financial statements continued

5 Exceptional items (continued)

Power and Industrial EPC losses

The Power and Industrial EPC losses relates to events in 2022 which resulted in a further write down of fixed price contracts in the Power and Industrial EPC business, following the strategic decision to exit this market during 2021. By virtue of its size and nature of these projects being within a sector that the Group no longer operates, this was recorded as an exceptional charge through revenue and cost of sales. The negative revenue of $8.0m represents the impact of a reduction in total value of the contract and is in relation to revenue recognised in prior years.

Aegis contract loss

The Aegis contract loss in 2021 of $99.3m reflected an estimate of the full contract loss at that time.

Impairment charge of goodwill and intangible assets

The impairment charge recognised against goodwill and intangible assets amounts to $542.3m and is recorded within exceptional items by virtue of its size. The impairment charge was triggered by the disposal of the Built Environment Consulting business, increases in discount rates and lower expectations of profitability during the forecast period.

The disposal of the Built Environment Consulting business and increasing discount rates increased the risk of an impairment charge being recognised at the year end, as outlined in the Group's interim condensed financial statements. The discount rate increased by 1.35% since the half year which was largely driven by increases to risk free rates and higher market volatility.

Included within the impairment charge of $542.3m were impairments of $44.9m and $4.2m taken against the brand and customer relationships which were recognised on the acquisition of AFW. The Group performed an assessment over the brand asset recognised on acquisition of AFW. The carrying value of the brand was tested by considering its value in use, as it was determined that there is no readily available market to sell the brand as a standalone asset.

Redundancy, restructuring and integration costs

During the year to 31 December 2022, $30.1m was incurred in relation to redundancy and restructuring activities. During 2022 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. Included within the $30.1m were costs of around $11m in developing the new strategy which is expected to further enhance profitability and cash generation in the medium to long term.

Gain on sale of divestment of business

The gain in 2021 of $14.4m relates to the disposal of the Group's interest in Sulzer Wood Limited.

Enterprise settlement

The Enterprise claim was concluded in November 2022, with the amount settled being in excess of the amount provided for. Overall, the amount paid to Enterprise was higher than our underlying legal assessment of the merits of the case, but further drawn-out litigation was likely to be costly and carried a risk that a court awarded a figure higher than the amount paid. The charge in the year was classed as an exceptional item both by its nature, i.e. a historic litigation settlement, and by size.

Investigation support costs and provisions

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. The $4.2m credit relates to the release of some provisions made for additional legal and other costs which were ultimately not needed. Certain amounts due to the SFO and COFPS have been deferred in line with agreed payment schedules and the disclosures in the financial statements reflect this.

Asbestos

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

The $21.5m charge (2021: credit $3.1m) principally comprises a $52.8m charge in the period that was a result of an updated actuarial review which updated the best estimate for recent claims experience and latest projections. This is offset by a credit of $31.3m in 2022, which comprises of a $35.6m yield curve credit as a result of higher discount rates (2021: $5.6m) and $4.3m (2021: $2.5m) of costs in relation to managing the claims. The 30-year US Treasury rate has increased to 3.97%, from 1.90% at the end of December 2021, and led to the income statement credit.

$5.9m of interest costs which relate to the unwinding of discount on the asbestos provision are also shown as exceptional (2021: $6.3m).

Russia exit costs and charges

The Group has incurred costs of $7.0m in relation to the exit of its business in Russia as a result of Government sanctions. The exceptional cost recognised during 2022 relates to early contract exits and associated losses, the closure of an office and other legal costs. In addition, the Group has impaired cash balances held within Russia by $6.2m. The Group has confidence in being able to utilise the remaining balance of $5m, disclosed as restricted cash in note 16, to meet these exit costs.

5 Exceptional items (continued)

Tax

An exceptional tax credit of $36.4m (2021: $9.1m charge) has been recorded in continuing operations during the period. It consists of a $5.2m tax charge on exceptional items (2021: $1.2m credit) and an exceptional credit of $41.6m recognised due to the actuarial gain in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the additional $41.6m of deferred tax assets have been recognised through exceptional items based on its size. In 2021, a $10.3m tax charge was recognised relating to the change of the UK tax rate impacting on deferred tax balances created in prior years through exceptional items.

6 Taxation

	2022 $m	2021 $m
Current tax		
Current year	**188.5**	104.7
Adjustment in respect of prior years	**(14.8)**	(29.5)
	173.7	75.2
Deferred tax		
Origination and reversal of temporary differences	**62.7**	(23.7)
Adjustment in respect of prior years	**(0.2)**	3.4
	62.5	(20.3)
Total tax charge	**236.2**	54.9
Comprising		
Tax on continuing operations before exceptional items	**47.3**	32.4
Tax charge in relation to exceptional items (note 5)	**5.2**	9.1
Recognition of deferred tax assets due to UK pension actuarial movements (note 5)	**(41.6)**	–
Tax on discontinued operations	**225.3**	13.4
Total tax charge	**236.2**	54.9

Tax credited to other comprehensive income/expense	2022 $m	2021 $m
Deferred tax movement on retirement benefit liabilities	**41.6**	9.5
Tax on derivative financial instruments	**1.7**	3.4
Total credited to other comprehensive income/expense	**43.3**	12.9

Tax charged/(credited) to equity	2022 $m	2021 $m
Deferred tax impact of rate change	**0.8**	(4.5)
Other	**1.3**	0.1
Total charged/(credited) to equity	**2.1**	(4.4)

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.

Notes to the financial statements continued

6 Taxation (continued)

Reconciliation of applicable tax charge at statutory rates to tax charge	2022 $m	2021 $m
Loss before taxation from continuing operations	**(694.5)**	(172.0)
Profit before taxation from discontinued operations (note 7)	**64.5**	91.4
Gain on sale of discontinued operation (note 7)	**514.5**	–
Less: Share of post-tax profit from joint ventures (note 13)	**(30.4)**	(31.5)
Loss before taxation from total operations (excluding profits from joint ventures)	**(145.9)**	(112.1)
Applicable tax charge at statutory rates	**36.5**	(16.6)
Effects of:		
Non-deductible expenses	**8.2**	11.4
Non-taxable income	**(1.0)**	(4.2)
Non-deductible expenses – exceptional	**332.8**	1.1
Non-taxable income – exceptional	**(0.3)**	(3.0)
Deferred tax recognition:		
Recognition of deferred tax assets not previously recognised	**(4.3)**	(19.4)
Utilisation of tax assets not previously recognised	**(12.4)**	(12.7)
Current year deferred tax assets not recognised	**37.7**	66.9
Write off of previously recognised deferred tax assets	**5.2**	22.4
Recognition due to UK pension actuarial loss	**(41.6)**	–
Utilisation of unrecognised deferred tax assets due to the Built Environment Consulting disposal	**(145.5)**	–
Irrecoverable withholding tax	**20.4**	10.4
US Base Erosion and Anti-abuse Tax	**6.7**	–
CFC charges	**2.3**	2.0
Uncertain tax provisions	**7.5**	23.6
Uncertain tax provisions prior year adjustments	**(26.7)**	(24.9)
Uncertain tax provisions prior year adjustments – exceptional	**1.5**	–
Prior year adjustments	**7.7**	0.9
Prior year adjustments – exceptional	**2.5**	(2.2)
Impact of change in rates on deferred tax	**(1.0)**	(0.8)
Total tax charge	**236.2**	54.9
Comprising		
Tax charge on continuing operations	**10.9**	41.5
Tax charge on discontinued operations	**225.3**	13.4
Total tax charge	**236.2**	54.9

The weighted average of statutory tax rates is (25.0%) in 2022 (2021: 14.8%). The negative tax rate in 2022 reflects the overall profit before tax being a small loss, and the geographical split resulting in a taxable gain in relation to the disposal of the Built Environment Consulting business in the US, with losses in lower tax jurisdictions such as the UK.

The non-deductible expenses – exceptional relates to the impairment of goodwill, non-deductible expenses in relation to the Built Environment Consulting business disposal, and the impact of permanent adjustments relating to the taxable gain on disposal of the Built Environment Consulting business.

The adjustments in respect of prior years largely relate to the release of uncertain tax positions as the final outcome on certain issues was agreed with tax authorities during the year or the statute of limitations for audit by the tax authorities expiring without challenge. The most significant element relates to a provision in Saudi Arabia, accrued in 2021, which has reduced as the Group has utilised an amnesty to settle the tax liability without penalty and without limiting the ability to appeal. The benefit is $11.7m, no other movements are individually significant.

The utilisation of deferred tax assets not previously recognised primarily relates to the utilisation of losses in the US against the gain on disposal of the Built Environment Consulting business.

In 2021 deferred tax of $18.3m in relation to undistributed reserves in Chile and Russia was released as it is not anticipated distributions will be paid in the foreseeable future triggering a tax liability. This amount was 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 $166.3m, 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 $41.6m (2021: $12.5m) has been recognised and a corresponding credit recognised in the profit and loss account. Due to the size of the credit in 2022 this has been recognised as an exceptional item.

6 Taxation (continued)

Net income tax liabilities in the Group balance sheet include $108.0m (2021: $135.6m) 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 ($36.4m, 2021: $49.2m), group financing ($25.2m, 2021: $27.1m) and transfer pricing and tax residence ($9.6m, 2021: $9.2m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

Of the uncertain tax positions, $72.9m 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 2023. The remaining $35.1m comprises uncertain tax positions not yet under audit, none of which are individually material. Of the $35.1m, $0.7m will become statute barred for tax authority audit during 2023 if the tax authorities do not commence an audit.

Factors affecting the tax charge in future years

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with the tax authorities, corporate acquisitions and disposals, the use of brought forward losses and changes in tax legislation and rates. The following outlines key factors that may impact on future tax charges.

On 8 October 2021, 136 countries signed up to the OECDs Inclusive Framework. This includes an agreement for a minimum level of tax of 15% which it is planned will be in place for 2024. Based on the 2022 results, this would have resulted in an increase in the tax charge of $3.6m reflecting additional tax on profits in the UAE and the captive insurance company in Guernsey.

During 2022, 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 2022 is $108.1m.

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.

As part the disposal of the Built Environment Consulting business, certain intangible assets were 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 incorporates the relevant deferred tax liabilities and is 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**

Notes to the financial statements continued

7 Discontinued operation

In September 2022, the Group announced it had completed an agreement to sell the Built Environment Consulting business, which is included within the Built Environment Consulting operating segment. This follows the strategic review outlined in the 2021 Annual Report and allows the Group to strengthen its balance sheet position and deliver value to shareholders.

The Built Environment Consulting business was classified as a discontinued operation from 1 January 2022, at which point the conditions under IFRS 5 were met. The comparative Group income statement and statement of comprehensive income have been restated to show the discontinued operation separately from continuing operations.

(i) Results of discontinued operation

	Note	2022 $m	2021 $m
External revenue		**881.1**	1,188.3
Cost of sales		**(759.6)**	(1,024.1)
Gross profit		**121.5**	164.2
Administrative expenses		**(48.6)**	(65.8)
Exceptional items – administrative expenses		**(6.7)**	(4.0)
Operating profit		**66.2**	94.4
Finance expense		**(1.7)**	(3.0)
Profit before tax		**64.5**	91.4
Taxation		**(7.9)**	(13.4)
Results from operating activities, net of tax		**56.6**	78.0
Gain on sale of discontinued operation		**514.5**	–
Income tax on gain on sale of discontinued operation (exceptional)		**(217.4)**	–
Profit from discontinued operation, net of tax		**353.7**	78.0
Earnings per share (cents)			
Basic	9	**52.0**	11.6
Diluted	9	**52.0**	11.6

The profit from the discontinued operation, net of tax of $353.7m (2021: $78.0m) is attributable entirely to the owners of the Company.

Exceptional items within administrative expenses of $6.7m relates to costs incurred on the Built Environment Consulting business disposal project.

Total disposal proceeds of $1,808.9m are receivable from the disposal of the Built Environment Consulting business during 2022. The final proceeds from the Built Environment Consulting business will be finalised during the first half of 2023 upon agreement of the completion balance sheet between the Group and WSP. The net impact of the disposal proceeds, less the net assets disposed, disposal costs, post completion accruals, elimination of R&D tax credits and FX recycling is a $514.5m gain on disposal. An exceptional tax charge in relation to the sale of the Built Environment Consulting business of $217.4m has been recognised.

The results of the discontinued operation contained in the table above excludes the impact of intercompany transactions with the rest of the Group. Intercompany revenue of $23.6m (2021: $37.6m) was generated by the discontinued operation in the period.

(ii) Cash flows from/(used in) discontinued operation

	Note	2022 $m	2021 $m
Net cash (used in)/generated from operating activities		**(6.0)**	106.6
Net cash generated/(used in) investing activities		**1,748.4**	(6.1)
Net cash flows for the period		**1,742.4**	100.5

7 Discontinued operation (continued)

(iii) Effect of disposal on financial position of the Group

The composition of assets and liabilities disposed of are set out in the table below:

	$m
Intangible assets (note 10)	996.4
Deferred tax on intangible assets	(57.2)
Property, plant and equipment (note 11)	14.7
Right of use assets (note 12)	71.5
Trade and other receivables	384.6
Cash and cash equivalents	14.4
Deferred tax assets	39.0
Trade and other payables	(244.5)
Lease liabilities (note 12)	(62.7)
Income tax liabilities	(9.4)
Deferred tax liabilities	(37.0)
Retirement benefit obligations (note 33)	(2.8)
Provisions	(0.7)
Other non-current liabilities	(0.4)
Net assets and liabilities disposed	**1,105.9**
Post-acquisition translation reserve	54.5
Elimination of R&D tax credits	74.7
Post completion accrual	14.4
Disposal costs	44.9
Adjusted balances disposed	**1,294.4**
Gross proceeds receivable	1,808.9
Gain on disposal	514.5

An adjustment of $54.5m to recycle the cumulative translation adjustment ('CTA') amounts through the profit and loss account have been recorded as part of the disposal.

Following the disposal of the Built Environment Consulting business the taxable US profits have significantly reduced, and therefore there is insufficient future forecast profitability to support the recognition of R&D tax credits of $74.7m. In addition, the Group have provided for probable outflows in cash of $14.4m relating to post-completion negotiations with the buyers.

The Group incurred $44.9m of costs in relation to the disposal of the Built Environment Consulting business, mainly consisting of professional fees, of which $39.5m has been paid at the year-end.

The cash inflow in respect of these disposals is analysed below.

	$m
Gross proceeds received	**1,805.3**
Cash and cash equivalents disposed	(14.4)
Disposal costs paid	(39.5)
Cash inflow	**1,751.4**

8 Dividends

No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

9 Earnings per share

	2022			2021		
	(Losses)/earnings attributable to owners of the parent $m	**Number of shares m**	**Earnings/ (losses) per share cents**	Earnings/(losses) attributable to owners of the parent $m	Number of shares m	Earnings/ (losses) per share cents
Basic pre-exceptional	**(13.7)**	**680.4**	**(2.0)**	35.6	675.6	5.3
Exceptional items, net of tax	**(342.6)**	**–**	**(50.4)**	(175.1)	–	(25.9)
Basic	**(356.3)**	**680.4**	**(52.4)**	(139.5)	675.6	(20.6)
Diluted	**(356.3)**	**680.4**	**(52.4)**	(139.5)	675.6	(20.6)
Adjusted diluted earnings per share calculation						
Basic	**(356.3)**	**680.4**	**(52.4)**	(139.5)	675.6	(20.6)
Exceptional items, net of tax	**342.6**	**–**	**50.4**	175.1	–	25.9
Amortisation related to acquisitions, net of tax	**52.5**	**–**	**7.7**	82.7	–	12.2
Adjusted diluted	**38.8**	**680.4**	**5.7**	118.3	675.6	17.5
Adjusted basic	**38.8**	**680.4**	**5.7**	118.3	675.6	17.5

Notes to the financial statements continued

9 Earnings per share (continued)

i) (Losses)/earnings attributable to equity shareholders

	2022			2021		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (restated) $m	Discontinued operations (restated) $m	Total (restated) $m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(77.0)**	**63.3**	**(13.7)**	(46.4)	82.0	35.6
Exceptional items, net of tax	**(633.0)**	**290.4**	**(342.6)**	(171.1)	(4.0)	(175.1)
(Losses)/earnings attributable to equity shareholders	**(710.0)**	**353.7**	**(356.3)**	(217.5)	78.0	(139.5)
Number of shares (basic)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Number of shares (diluted)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Basic earnings per share (cents)	**(104.4)**	**52.0**	**(52.4)**	(32.2)	11.6	(20.6)
Diluted earnings per share (cents)	**(104.4)**	**52.0**	**(52.4)**	(32.2)	11.6	(20.6)

	2022			2021		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (restated) $m	Discontinued operations (restated) $m	Total (restated) $m
(Losses)/earnings attributable to equity shareholders	**(710.0)**	**353.7**	**(356.3)**	(217.5)	78.0	(139.5)
Exceptional items, net of tax	**633.0**	**(290.4)**	**342.6**	171.1	4.0	175.1
Amortisation of intangibles on acquisition, net of tax	**52.5**	**–**	**52.5**	60.8	21.9	82.7
(Losses)/earnings attributable to equity shareholders (adjusted diluted)	**(24.5)**	**63.3**	**38.8**	14.4	103.9	118.3
(Losses)/earnings attributable to equity shareholders (adjusted basic)	**(24.5)**	**63.3**	**38.8**	14.4	103.9	118.3
Number of shares (diluted)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Number of shares (basic)	**680.4**	**680.4**	**680.4**	675.6	675.6	675.6
Adjusted diluted (cents)	**(3.6)**	**9.3**	**5.7**	2.1	15.4	17.5
Adjusted basic (cents)	**(3.6)**	**9.3**	**5.7**	2.1	15.4	17.5

As the Group has reported a basic loss (2021: 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 25.6m of dilutive potential shares would have been used in the calculation of diluted EPS metrics, which would have reduced the adjusted diluted EPS by 0.2 cents.

In the comparative period, the Group reported an overall basic loss per ordinary share, therefore the effect of dilutive ordinary shares was excluded in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the overall Group.

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes, shares and share options awarded under the Group's Long-Term Plan and shares awarded under the Group's Employee Share Plan and Share Incentive Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

10 Goodwill and other intangible assets

	Goodwill $m	Software and development costs $m	Customer contracts and relationships $m	Order backlog $m	Brands $m	Total $m
Cost						
At 1 January 2022	5,226.2	288.8	815.7	183.9	661.0	7,175.6
Exchange movements	(173.2)	(40.3)	(21.8)	(2.8)	(13.3)	(251.4)
Additions	–	115.9	–	–	–	115.9
Disposals	–	(3.4)	–	–	–	(3.4)
Businesses divested (note 7)	(775.6)	(17.8)	(137.8)	(24.1)	(168.3)	(1,123.6)
At 31 December 2022	**4,277.4**	**343.2**	**656.1**	**157.0**	**479.4**	**5,913.1**
Amortisation and impairment						
At 1 January 2022	0.8	205.7	581.2	171.7	140.9	1,100.3
Exchange movements	(5.2)	(33.4)	(15.8)	(2.5)	(3.0)	(59.9)
Amortisation charge	–	87.5	28.4	11.9	24.1	151.9
Impairment	493.2	–	4.2	–	44.9	542.3
Disposals	–	(3.4)	–	–	–	(3.4)
Businesses divested (note 7)	–	(17.0)	(50.3)	(24.1)	(35.8)	(127.2)
At 31 December 2022	**488.8**	**239.4**	**547.7**	**157.0**	**171.1**	**1,604.0**
Net book value at 31 December 2022	**3,788.6**	**103.8**	**108.4**	**–**	**308.3**	**4,309.1**
Cost						
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)
At 31 December 2021	**5,226.2**	**288.8**	**815.7**	**183.9**	**661.0**	**7,175.6**
Amortisation and impairment						
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)
At 31 December 2021	**0.8**	**205.7**	**581.2**	**171.7**	**140.9**	**1,100.3**
Net book value at 31 December 2021	**5,225.4**	**83.1**	**234.5**	**12.2**	**520.1**	**6,075.3**

Notes to the financial statements continued

10 Goodwill and other intangible assets (continued)

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out by Cash Generating Unit ('CGU') as at 31 December 2022 (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 the period 2023 through to 2027. In preparing the forecasts, management have considered market outlook; growth in market share; resource utilisation; contract backlog; contract margins; and assumed contract awards. The key market drivers, within energy, include energy security driven by the ongoing conflict in Ukraine and supporting energy transition in our focus markets, such as hydrogen and carbon capture. Our materials growth drivers are also underpinned by transition to net zero, as well as increased consumer demand driven by population growth and higher standards of living. The Group's impairment model assumes combined annual growth in market share for the majority of sectors of around 5% of its current market share to 2025 and leads to a revenue CAGR of 14.2% and 4.8% for Projects and Operations respectively. The Projects CAGR includes growth from the life sciences sector where Projects is expected to leverage from its existing engineering capabilities and client relationships to grow its market share. If this growth does not materialise, there is a risk of further impairment in the Projects and Operations CGUs.

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 decarbonisation. In addition to applying decarbonisation capabilities within each CGU across each of the growth markets, digitization is another key driver which is expected to draw demand for the digital tools, products and capabilities offered by the Consulting CGU. During 2022 each of the CGUs have had significant contract wins in energy transition and decarbonisation and are therefore well placed to benefit from significant levels of investment required by our clients to achieve net zero. The Group have also considered that there are risks associated with energy transition, including energy transition and industrial decarbonisation markets not generating sufficient revenues to meet targets, which may also impact the Group's ability to attract or retain the appropriately skilled workforce which could prevent the Group from competing for work in this space. However, offsetting this risk is the large near-term addressable market focused on energy security within oil and gas along with the desire of those clients to pursue net-zero and decarbonisation efforts. These projects are supporting the energy security agenda as major economies aim to reduce their dependency on Russian oil and gas, whilst also ensuring affordable energy for consumers.

The terminal growth rates assumed from 2027 do not exceed the long-term average historical growth rates for the regions and sectors in which the CGUs operate. The Group is well placed to benefit from the significant long term growth opportunities from Energy Transition, which has been considered in determining long term growth rates. Management reviewed independent forecasts which set out the long-term investment required in order to achieve net zero. This long-term annual growth was then applied to each of the CGUs based on current activity levels. Accordingly, the long-term growth rates assumed in the model are 2.4% for Operations (2021: 2.6%); 2.4% for Projects (2021: 2.7%); and 2.4% (2021: 2.5%) 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 an increase in the discount rate. The Group have considered the additional specific risks related to each business such as country risk and forecasting risk. The pre-tax rates used for the 2022 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 2022 %**	Pre-tax discount rate 2021 %	**Post-tax discount rate 2022 %**	Post-tax discount rate 2021 %
Projects	**13.2**	10.6	**11.0**	9.3
Operations	**12.9**	10.2	**10.5**	8.9
Consulting	**12.2**	10.2	**9.9**	8.8
Kelchner	**12.4**	10.4	**10.4**	9.6
Swaggart	**12.8**	10.4	**10.4**	9.6

In order to reduce headroom to $nil for the CGUs with headroom, the post-tax discount rate would need to increase to:

Cash Generating Unit	%
Projects	11.9
Consulting	14.9
Kelchner	28.9
Swaggart	18.0

10 Goodwill and other intangible assets (continued)

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 2022 Test date $m**	Goodwill carrying value 2021 Test date $m
Projects	**2,280.8**	2,353.8
Operations	**1,594.8**	1,645.4
Consulting	**372.4**	1,193.0
Kelchner	**16.9**	16.9
Swaggart	**16.3**	16.3

The headroom for Projects was $153m and the Group recognised an impairment charge of $313m within the Operations CGU based on the assumptions described above. The recoverable amount of the Operations CGU at the test date was $1,408m. 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. If the post-tax discount rate was 1.5% higher for Projects, the impairment would be $238m. A 2.0% reduction in revenue CAGR over the forecast period would reduce headroom to $nil and a 0.7% reduction in the long-term growth rate would also reduce headroom to $nil. The Operations post tax discount rate would need to be 1.5% lower to reduce the impairment charge to $nil. A 1.5% increase in the post-tax discount rate would increase the impairment charge to $530m and a 1% reduction in the long-term growth rate would increase the impairment charge to $427m. A 1% reduction in the revenue CAGR would increase the impairment charge to $370m.

The carrying values of the corporate assets that were not allocated to the above cash generating units above were $73.2m (2021: $91m) and were tested for impairment at the group level, taking into account the estimates and assumptions discussed above in respect of the Group's cash generating units. The Group post tax discount rate was 9.7% (pre-tax 11.5%) and a terminal growth rate of 2.4% was applied to the forecast consolidated cash flows of the Group, including the unallocated central costs. The recoverable amount of the Group at the test date was $4,373m and highlighted an additional $180m of impairment to be allocated to the CGUs. The Group post-tax discount rate would need to be 0.3% lower to reduce the impairment charge 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. Following the recent material disposals, including the built environment and nuclear businesses in 2022 and 2020 respectively, an impairment review was carried out over the brand assets recognised on acquisition of AFW in 2017. Management considered the sectors that the Group is targeting as part of its refreshed strategy, and considered whether these benefit from the brand, which reflected AFW's history and capabilities in certain markets. This impairment review resulted in an impairment of $44.9m being recognised and a reduction in the remaining useful life to 11 years, or a total useful life since acquisition of 16 years.

Customer relationships relate mainly to the acquisition of Amec Foster Wheeler in 2017 and are being amortised over periods of 5 to 13 years. Order backlog relates entirely to the acquisition of AFW and was being amortised over periods of 2 to 5 years and has fully amortised. Brands recognised relate entirely to the acquisition of AFW and the remaining carrying value is being amortised over a period of 11 years.

Software and development costs includes internally generated assets with a net book value of $36.9m at 31 December 2022 (2021: $25.4m). $19.9m (2021: $9.4m) of internally generated intangibles is included in additions in the year.

The software disposals relate to the write off of fully depreciated assets that are no longer in use.

Notes to the financial statements continued

11 Property plant and equipment

	Land and Buildings $m	Plant and equipment $m	Total $m
Cost			
At 1 January 2022	86.7	115.7	202.4
Exchange movements	(5.3)	(10.9)	(16.2)
Additions	1.5	26.1	27.6
Disposals	(11.0)	(21.7)	(32.7)
Businesses divested (note 7)	(22.1)	(28.1)	(50.2)
Reclassifications	1.8	(1.8)	–
At 31 December 2022	**51.6**	**79.3**	**130.9**
Accumulated depreciation and impairment			
At 1 January 2022	50.5	49.7	100.2
Exchange movements	(3.5)	(11.4)	(14.9)
Charge for the year	5.5	19.7	25.2
Disposals	(7.5)	(19.4)	(26.9)
Businesses divested (note 7)	(18.3)	(17.2)	(35.5)
Reclassifications	1.8	(1.8)	–
Impairment	–	0.4	0.4
At 31 December 2022	**28.5**	**20.0**	**48.5**
Net book value at 31 December 2022	**23.1**	**59.3**	**82.4**
Cost			
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)	–
At 31 December 2021	**86.7**	**115.7**	**202.4**
Accumulated depreciation and impairment			
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
At 31 December 2021	**50.5**	**49.7**	**100.2**
Net book value at 31 December 2021	**36.2**	**66.0**	**102.2**

The net book value of Land and Buildings includes $14.0m (2021: $21.8m) of Long Leasehold and Freehold property and $9.1m (2021: $14.4m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2022.

During 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'. This net book value comprises $27.5m of cost offset by $12.5m of accumulated depreciation and impairment.

12 Leases

Right of use assets	Land and Buildings $m	Plant and equipment $m	Total $m
Net book value			
At 1 January 2022	316.6	39.5	356.1
Exchange movements	(17.5)	(2.1)	(19.6)
Additions	67.8	27.0	94.8
Disposals	(1.5)	–	(1.5)
Businesses divested (note 7)	(53.7)	(17.8)	(71.5)
Depreciation of right of use assets	(62.2)	(20.1)	(82.3)
At 31 December 2022	**249.5**	**26.5**	**276.0**

Lease liabilities	
At 1 January 2022	449.8
Exchange movements	(27.0)
Additions	91.9
Disposals	(5.4)
Businesses divested (note 7)	(62.7)
Interest expense related to lease liabilities	17.9
Repayment of lease liabilities	(121.6)
At 31 December 2022	**342.9**

Right of use assets			
Net book value			
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)
At 31 December 2021	**316.6**	**39.5**	**356.1**

Lease liabilities	
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)
At 31 December 2021	**449.8**

Included in the above, the Group has finance leases liabilities totalling $16.2m (2021: $13.5m) in addition to the IFRS 16 lease liabilities in respect of leases previously classified as operating leases under IAS 17.

Notes to the financial statements continued

12 Leases (continued)

A maturity analysis of the Group's total lease liability is shown below:

	2022 $m	2021 $m
Current lease liability	**83.2**	118.3
Non-current lease liability	**259.7**	331.5
Total lease liability	**342.9**	449.8

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	$m	$m
Depreciation charge for right of use assets		
Property	**62.2**	85.1
Plant and equipment	**20.1**	16.8
Charged to operating profit	**82.3**	101.9
Interest expense related to lease liabilities	**17.9**	20.3
Charge to profit/(loss) before taxation for leases	**100.2**	122.2

The Group leases real estate, including land, buildings and warehouses, machinery/equipment, vehicles and IT equipment. The right of use assets generate cash flows as part of the cash generating units disclosed in note 10. The majority of the lease liability relates to real estate with leases generally entered into for fixed periods of up to five years, unless of strategic importance to the Group. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

The 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.

13 Investment in joint ventures and other investments

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG (Repair & Overhauls) Limited. The Group considers these to be joint arrangements on the basis that two or more parties have joint control, which is defined as the contractually agreed sharing of control and exists only when decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties sharing control. The Group has a 51% shareholding in EthosEnergy, a provider of rotating equipment services and solutions to the power, oil and gas and industrial markets. EthosEnergy is domiciled and headquartered in Aberdeen, Scotland. The Group has a 50% shareholding in RWG, a provider of repair and overhaul services to the oil and gas, power generation and marine propulsion industries. RWG is based in Aberdeen, Scotland.

The assets, liabilities, income and expenses of the EthosEnergy and RWG are shown below. The financial information below has been extracted from the management accounts for these entities.

	EthosEnergy (100%)		RWG (100%)	
	2022 $m	2021 $m	**2022 $m**	2021 $m
Non-current assets	**137.9**	121.7	**57.9**	65.7
Current assets	**520.7**	517.9	**141.4**	155.3
Current liabilities	**(347.7)**	(335.9)	**(74.6)**	(94.2)
Non-current liabilities	**(78.7)**	(66.9)	**(7.7)**	(6.8)
Net assets	**232.2**	236.8	**117.0**	120.0
Wood Group share	**118.4**	120.8	**58.5**	60.0
Accumulated impairments and other adjustments	**(65.9)**	(70.8)	**–**	–
Wood Group investment	**52.5**	50.0	**58.5**	60.0
Revenue	**824.8**	832.7	**234.3**	237.9
Cost of sales	**(721.5)**	(701.4)	**(169.8)**	(170.9)
Administrative expenses	**(80.5)**	(103.3)	**(31.2)**	(32.7)
Exceptional items	**–**	–	**–**	–
Operating profit	**22.8**	28.0	**33.3**	34.3
Finance expense	**(7.5)**	(6.1)	**(0.8)**	(0.8)
Profit before tax	**15.3**	21.9	**32.5**	33.5
Tax	**(6.4)**	(8.5)	**(6.5)**	(7.1)
Post-tax profit from joint ventures	**8.9**	13.4	**26.0**	26.4
Wood Group share	**4.5**	6.8	**13.0**	13.2

Cash and cash equivalents amounted to $48.2m (2021: $77.5m) and $13.9m (2021: $8.2m) for EthosEnergy and RWG respectively.

Depreciation amounted to $29.0m (2021: $16.6m) and $9.2m (2021: $4.3m) for EthosEnergy and RWG respectively.

Amortisation amounted to $0.9m (2021: $1.0m) and $2.1m (2021: $2.5m) for EthosEnergy and RWG respectively.

EthosEnergy's net debt at 31 December 2022 amounted to $85.7m (2021: $37.5m).

RWG had net debt at 31 December 2022 of $5.1m (2021: $1.8m).

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to $45.5m at 31 December 2022 (2021: $59.7m).

Notes to the financial statements continued

13 Investment in joint ventures and other investments (continued)

The Group's share of its joint venture income and expenses is shown below:

	2022 $m	2021 $m
Revenue	**754.7**	753.1
Cost of sales	**(641.8)**	(624.9)
Administrative expenses	**(68.2)**	(81.4)
Operating profit	**44.7**	46.8
Net finance expense	**(4.4)**	(3.6)
Profit before tax	**40.3**	43.2
Tax	**(9.9)**	(11.7)
Share of post-tax profit from joint ventures	**30.4**	31.5

The movement in investment in joint ventures is shown below:

	2022 $m	2021 $m
At 1 January	**169.7**	168.7
Exchange movements on retranslation of net assets	**(11.9)**	0.3
Share of profit after tax	**30.4**	31.5
Dividends received	**(30.1)**	(26.3)
Impairment of joint ventures	**(2.0)**	–
Additions	**0.4**	–
Disposals (note 7)	**–**	(4.5)
At 31 December	**156.5**	169.7

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 38.

Other investments

Other investments of $56.0m (2021: $75.9m) includes $55.6m (2021: $75.9m) relating to the US SERP defined contribution scheme referred to in note 33. The SERP invests in a mixture of equities, bonds and money market funds as part of a pension arrangement for US based employees. The liabilities of the SERP are included in non-current liabilities (see note 19).

14 Inventories

	2022 $m	2021 $m
Materials	**3.1**	3.7
Work in progress	**–**	0.3
Finished goods and goods for resale	**8.0**	11.9
	11.1	15.9

15 Trade and other receivables

	2022 $m	2021 $m
Trade receivables	**744.6**	805.5
Less: provision for impairment of trade receivables	**(65.0)**	(75.9)
Trade receivables – net	**679.6**	729.6
Gross amounts due from customers	**556.9**	628.1
Prepayments	**84.6**	105.8
Amounts due from joint ventures	**8.9**	13.1
Asbestos related insurance recoveries	**11.1**	13.5
Research and development credits	**24.7**	119.1
Other receivables	**179.2**	182.1
Trade and other receivables – current	**1,545.0**	1,791.3
Long term receivables – asbestos related insurance recoveries	**24.4**	34.0
Long term receivables – other	**105.1**	73.5
Total receivables	**1,674.5**	1,898.8

As at 31 December 2022, the Group had received $200.0m (2021: $200.0m) 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 2022, $113.6m (2021: $79.4m) had been received from customers in the normal course of business in relation to the same amounts received from the facility. This $113.6m (2021: $79.4m) is due to be paid over to the bank and is included in trade payables. The impact of both the cash received from the facility and the cash received from customers is included within cash generated from operations.

Included within other long-term receivables of $105.1m (2021: $73.5m) are contract assets of $74.3m (2021: $66.5m) in relation to the Aegis contract. Refer to note 21 for further details of the provisions recognised in respect of this contract.

Financial assets

	2022 $m	2021 $m
Derivative financial instruments (note 20)	**10.8**	7.7
	10.8	7.7

Notes to the financial statements continued

15 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

31 December 2022	Trade receivables – Gross $m	Provision for impairment $m	Trade receivables – Net $m	Receivable days
Projects	**371.1**	**(40.4)**	**330.7**	**76**
Operations	**197.4**	**(5.3)**	**192.1**	**42**
Consulting	**105.1**	**(3.8)**	**101.3**	**75**
Investment Services	**71.0**	**(15.5)**	**55.5**	**73**
Total Group	**744.6**	**(65.0)**	**679.6**	**67**

31 December 2021	Trade receivables – Gross $m	Provision for impairment $m	Trade receivables – Net $m	Receivable days
Projects	318.1	(43.7)	274.4	73
Operations	162.2	(8.2)	154.0	47
Consulting	91.5	(3.7)	87.8	76
Built Environment Consulting	175.3	(5.1)	170.2	81
Investment Services	58.4	(15.2)	43.2	49
Total Group	805.5	(75.9)	729.6	69

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 67 indicates that closing trade receivables represent on average the most recent 67 days of revenue.

Receivable days for Investment Services has been adjusted to exclude the impact of the Aegis project for both 2022 and 2021. The Total Group Receivable days reflects all Group activity including Aegis.

The ageing of the provision for impairment of trade receivables is as follows:

	2022 $m	2021 $m
Up to 3 months	**2.6**	0.8
Over 3 months	**62.4**	75.1
	65.0	75.9

15 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

2022	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Total $m
At 1 January	**43.7**	**8.2**	**3.7**	**5.1**	**15.2**	**75.9**
Exchange movements	**(2.7)**	**(0.1)**	**0.1**	**–**	**(0.6)**	**(3.3)**
Disposed during year	**–**	**–**	**–**	**(4.1)**	**–**	**(4.1)**
Reclassed during year	**–**	**0.1**	**(0.9)**	**–**	**–**	**(0.8)**
Transfers during year	**(0.1)**	**0.1**	**–**	**–**	**0.1**	**0.1**
Provided during year	**4.2**	**0.7**	**1.6**	**(0.2)**	**1.5**	**7.8**
Utilised during year	**(3.5)**	**(3.3)**	**(0.2)**	**–**	**–**	**(7.0)**
Released during year	**(1.2)**	**(0.4)**	**(0.5)**	**(0.8)**	**(0.7)**	**(3.6)**
At 31 December	**40.4**	**5.3**	**3.8**	**–**	**15.5**	**65.0**

2021						
At 1 January	58.8	7.3	4.4	5.9	18.4	94.8
Exchange movements	(2.8)	(0.1)	–	(0.1)	(0.7)	(3.7)
Reclassed during year	–	–	(0.1)	–	1.0	0.9
Transfers during year	(0.1)	0.1	(0.1)	–	–	(0.1)
Provided during year	3.0	2.2	0.8	(0.7)	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)
At 31 December	43.7	8.2	3.7	5.1	15.2	75.9

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of $744.6m above (2021: $805.5m) and gross amounts due from customers of $556.9m (2021: $628.1m) are contract assets of $244.6m (2021: $203.4m) 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:

	2022 $m	2021 $m
Up to 3 months overdue	**117.9**	89.6
Over 3 months overdue	**126.7**	113.8
	244.6	203.4

The above analysis excludes retentions relating to contracts in progress of $67.2m (2021: $90.5m).

16 Cash and cash equivalents

	2022 $m	2021 $m
Cash at bank and in hand	**521.7**	480.0
Short-term bank deposits	**–**	10.5
Restricted cash	**15.0**	12.5
	536.7	503.0

Cash at bank and in hand at 31 December 2022 includes $328.4m (2021: $240.4m) that is part of the Group's cash pooling arrangements and both cash and borrowings are grossed up by this amount in the financial statements.

The effective interest rate on short-term deposits at 31 December 2022 was nil% (2021: 2.8%) and these deposits have an average maturity of zero days (2021: 20 days).

The restricted cash balance comprises $10.0m (2021: $12.5m) of cash held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $5.0m (2021: $nil) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure (see note 30) on the basis that it meets the definition of cash, albeit is not readily available to the Group.

Notes to the financial statements continued

17 Trade and other payables

	2022 $m	2021 $m
Trade payables	**550.6**	856.6
Gross amounts due to customers	**15.6**	87.5
Deferred income	**97.4**	115.0
Other tax and social security payable	**58.2**	58.3
Accruals	**637.0**	483.1
Derivative financial instruments	**10.8**	3.7
Amounts due to joint ventures	**0.3**	0.4
Asbestos related payables	**59.5**	54.5
Other payables	**258.2**	339.5
	1,687.6	1,998.6

Trade payables includes $113.6m (2021: $79.4m) relating to cash received from customers which is due to be paid over to the bank.

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Other payables includes project related and other liabilities which include the amounts due under the investigation which was concluded in 2021 of $37.3m.

18 Borrowings

	2022 $m	2021 $m
Bank loans and overdrafts due within one year or on demand		
Unsecured	**345.9**	246.9
Senior loan notes		
Unsecured	**–**	35.0
Total current borrowings	**345.9**	281.9
Non-current bank loans		
Unsecured	**232.0**	845.8
Senior loan notes		
Unsecured	**352.0**	768.3
Total non-current borrowings	**584.0**	1,614.1

Borrowings of $328.4m (2021: $240.4m) that are part of the Group's cash pooling arrangements and are netted against cash for internal reporting purposes are grossed up in the short-term borrowings figure above.

Bank overdrafts are denominated in a number of currencies and bear interest based on the Bank of England base rate or the relevant foreign currency equivalent.

Following the disposal of the Built Environment Consulting business in September, the Group repaid $400.0m of the $600.0m term loan and the agreed early repayment totalling $416.3m of the US Private Placement loan notes. The Group had total facilities of $1,866.9m as at 31 December 2022, which comprises of a $200.0m term loan maturing in July 2026, $1,200.0m of Revolving Credit Facility maturing in October 2026, $352.0m of senior loan notes in the US private placement market with varying maturities and $114.9m of other banking facilities.

Of the non-current borrowings of $584.0m, $50.4m is denominated in sterling and the balance in US dollars.

18 Borrowings (continued)

The Group's principal borrowing facilities at 31 December 2022 are set out in the table below.

Facility	Total available $m	Drawn at 31 December 2022 $m	Undrawn at 31 December 2022 $m	Repayable
Term loan	**200.0**	**200.0**	**–**	July 2026
Revolving credit facility	**1,200.0**	**42.1**	**1,157.9**	October 2026
Senior loan notes	**352.0**	**352.0**	**–**	Various dates
Other facilities	**114.9**	**5.2**	**109.7**	Various dates
Accrued interest	**–**	**12.2**	**(12.2)**	N/A
Unamortised fees	**–**	**(10.0)**	**10.0**	N/A
	1,866.9	**601.5**	**1,265.4**	

The above table excludes borrowings of $328.4m that are part of the Group's cash pooling arrangements and are offset by equivalent cash balances.

The Group has $352.0m (2021: $803.3m) of unsecured senior loan notes issued in the US private placement market. The notes mature at varying dates between 2024 and 2031 as shown in the table below. Interest is payable at an average rate of 5.95% (2021: 4.21%).

Repayable	2022 $m	2021 $m
July 2022	**–**	35.0
July 2024	**11.5**	25.0
August 2024	**55.1**	120.0
November 2024	**23.0**	50.0
July 2026	**57.4**	127.3
August 2026	**58.8**	128.0
February 2027	**18.4**	40.0
February 2029	**46.0**	100.0
July 2029	**59.5**	129.5
July 2031	**22.3**	48.5
	352.0	803.3

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2022 %	2021 %
US dollar	**4.79**	1.79
Sterling	**5.09**	1.40
Euro	**3.02**	1.11

The carrying amounts of the Group's borrowings, including those held within pooling arrangements, are denominated in the following currencies:

	2022 $m	2021 $m
US Dollar	**611.6**	1,537.3
Sterling	**176.7**	69.0
Euro	**120.0**	282.1
Other	**21.6**	7.6
	929.9	1,896.0

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 2022, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to $1,244.2m (2021: $1,292.9m). At 31 December 2022, these facilities were 61% utilised (2021: 65%).

Notes to the financial statements continued

18 Borrowings (continued)

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2022 $m	2021 $m
Expiring within one year	**109.7**	148.9
Expiring between one and two years	**–**	–
Expiring between two and five years	**1,155.7**	954.2
	1,265.4	1,103.1

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2023. 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 2022	**281.9**	**1,614.1**	**449.8**	**2,345.8**
Changes from financing cash flows				
Repayments of long-term borrowings	**–**	**(1,039.1)**	**–**	**(1,039.1)**
Repayments of short-term borrowings	**(35.0)**	**–**	**–**	**(35.0)**
Proceeds short-term borrowings	**88.0**	**–**	**–**	**88.0**
Payment of lease liabilities (note 12)	**–**	**–**	**(121.6)**	**(121.6)**
Total changes from financing activities	**53.0**	**(1,039.1)**	**(121.6)**	**(1,107.7)**
Effects of changes in foreign exchange rates (note 30)	**(1.2)**	**0.1**	**(27.0)**	**(28.1)**
Other changes				
New leases (note 12)	**–**	**–**	**23.8**	**23.8**
Interest expense (note 3)	**–**	**98.1**	**17.9**	**116.0**
Interest paid	**–**	**(98.1)**	**–**	**(98.1)**
Other movements	**12.2**	**8.9**	**–**	**21.1**
Total liability other changes	**12.2**	**8.9**	**41.7**	**62.8**
Balance at 31 December 2022	**345.9**	**584.0**	**342.9**	**1,272.8**

	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
Changes from financing cash flows				
Repayment of long-term borrowings	–	329.3	–	329.3
Repayment of short-term borrowings	(33.5)	–	–	(33.5)
Payment of lease liabilities (note 12)	–	–	(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 30)	0.1	0.4	(4.2)	(3.7)
Other changes				
New leases (note 12)	–	–	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
Balance at 31 December 2021	281.9	1,614.1	449.8	2,345.8

19 Other non-current liabilities

	2022 $m	2021 $m
Derivative financial instruments	**–**	8.1
Other payables	**106.8**	191.7
	106.8	199.8

Other payables include $33.6m in respect of the regulatory investigations, which were closed out during 2021 and represents payments due in 2024, $55.6m (2021: $75.9m) relating to the US SERP pension arrangement referred to in note 33 and unfavourable leases of $3.3m (2021: $8.6m). Unfavourable lease liabilities represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

20 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Group's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies. Group Treasury, together with the Group's business units identify, evaluate and where appropriate, hedge financial risks. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investment of excess cash.

Where the Board considers that a material element of the Group's profits and net assets are exposed to a country in which there is significant geo-political uncertainty a strategy is agreed to ensure that the risk is minimised.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. The Group has subsidiary companies whose revenue and expenses are denominated in currencies other than the US dollar. Where possible, the Group's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the income statement, except where hedge accounting is used in which case the change in fair value is recorded in equity.

Hedging of foreign currency exchange risk – cash flow hedges

The notional contract amount, carrying amount and fair values of forward contracts and currency swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2022 Notional contract amount $m	2021 Notional contract amount $m	2022 Carrying amount and fair value $m	2021 Carrying amount and fair value $m
Current assets	**144.9**	99.4	**2.1**	1.3
Current liabilities	**(180.7)**	(52.5)	**(4.8)**	(1.0)

A net foreign exchange loss of $3.0m (2021: $0.9m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

Notes to the financial statements continued

20 Financial instruments (continued)

Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2022 Notional contract amount $m	2021 Notional contract amount $m	2022 Carrying amount and fair value $m	2021 Carrying amount and fair value $m
Current assets	**990.4**	583.2	**8.7**	6.4
Current liabilities	**(337.8)**	(411.9)	**(6.0)**	(2.7)

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate can impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. A weakening of the pound has a negative impact on translation of UK companies' profits and net assets. Sterling denominated trading profits in the UK are offset by the Group's corporate overhead and a 10% change in the sterling/dollar rate would result in a change to Adjusted EBITDA of less than 1%. A 10% change in the sterling/dollar rate would impact net assets by less than 1%. 10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate. The Group also has foreign exchange risk in relation a number of other currencies, such as the Australian dollar, the Canadian dollar and the Euro.

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest to manage the Group's exposure to interest rate fluctuations. At 31 December 2022, 53% (2021: 52%) of the Group's borrowings were at fixed rates. The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits and where possible and deposit cash with a financial institution with a credit rating of BBB+ or better.

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.

	2022 Hedged amount $m	2021 Hedged amount $m	2022 Carrying amount and fair value $m	2021 Carrying amount and fair value $m
Interest rate swaps	**–**	250.0	**–**	(8.1)

A net gain of $8.1m (2021: $8.8m) was recognised in the hedging reserve as a result of fair value movements on interest rate swaps designated as cash flow hedges.

The $250m interest rate swap was closed out in September 2022, following the disposal of the Built Environment Consulting business and led to a net gain of $8.1m recognised in the hedging reserve.

If average interest rates had been 2% higher or lower during 2022 (2021: 1%), post-tax profit for the year would have been $5.8m lower or higher respectively (2021: $6.3m). 2% has been used in this calculation as it represents a reasonable possible change in interest rates.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 6 months past due and considers a financial asset to be in default when the financial asset is more than 12 months past due. Responsibility for managing credit risk lies within the businesses with support being provided by Group and divisional management where appropriate.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

20 Financial instruments (continued)

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group uses the simplified provision matrix when calculating expected credit losses on financial assets. The provision matrix is based on historical default rates and is adjusted for forward looking estimates. The historical default rate is determined by comparing actual contract write offs against revenue recognised over each of the prior five years. The average write off over the historical period can be applied to current year revenue. The forward-looking assessment also considers post-year end cash collection, country risk scoring, customer disputes and specific financial uncertainties.

Management review trade receivables based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 15. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The maximum credit risk exposure on cash and cash equivalents and bank deposits (more than three months) at 31 December 2022 was $536.7m (2021: $503.0m). 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 2022 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 $1,265.4m undrawn portion of the Group's committed banking facilities. The 2022 average net debt (excluding leases) was $1,489.1m (2021: $1,680.0m). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these averages due to a combination of factors including a strong focus on collection of receipts from customers. Although revenue is typically weighted towards the second half of the year it is usually higher in June than in December, which means the level of working capital required is typically higher at the end of June and net debt is typically lower by the end of December.

At 31 December 2022, 100% (2021: 93%) of the Group's principal borrowing facilities (including senior loan notes) were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations.

The Group's total bank facilities comprise of a $200.0m term loan maturing in July 2026 and a $1,200.0m revolving credit facility which matures in October 2026. The $200.0m term loan includes KPIs linked to growing revenues related to energy transition and sustainable infrastructure and reducing scope 1 and 2 carbon emissions.

The Group has $352.0m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between July 2024 and 2031.

(d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to adjusted EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to Adjusted EBITDA at 31 December 2022 was 1.3 times (2021: 3.3 times). This ratio is calculated by dividing net debt before leases by Adjusted EBITDA on a frozen GAAP basis which excludes the impact of IFRS 16.

Interest cover is calculated by dividing Adjusted EBITDA, excluding the impact of IFRS 16, by net recurring finance expense and was 4.1 times for the year ended 31 December 2022 (2021: 4.5 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2022 was 10.5% (2021: 34.1%).

Notes to the financial statements continued

20 Financial instruments (continued)

Financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which are not usually closed out before contractual maturity.

At 31 December 2022	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m
Borrowings	**361.2**	**116.2**	**431.2**	**132.7**
Trade and other payables	**1,628.7**	**–**	**–**	**–**
Lease liabilities	**107.0**	**80.5**	**123.6**	**145.2**
Other non-current liabilities	**–**	**51.2**	**55.6**	**–**
At 31 December 2021				
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	–

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 2022 was $231.1m (book value $244.3m) (2021: $773.4m, book value $845.8m). The fair value of the US Private Placement debt at 31 December 2022 was $358.1m (book value $352.0m) (2021: $809.2m, book value $803.3m).

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 2022 and 31 December 2021, there were no transfers into or out of level 2 fair value measurements.

21 Provisions

2022	Asbestos related litigation $m	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2022	342.1	55.2	32.4	93.3	112.2	635.2
Reclassifications	(5.6)	1.3	–	1.1	4.5	1.3
Utilised	(44.1)	–	(3.2)	(88.5)	(45.5)	(181.3)
Divestments	–	–	–	–	(0.7)	(0.7)
Charge to income statement	59.6	17.4	0.4	10.0	15.3	102.7
Release of provisions	(37.0)	(27.7)	(2.3)	(2.5)	(18.1)	(87.6)
Exchange movements	(3.6)	–	(1.3)	(0.6)	(4.4)	(9.9)
At 31 December 2022	**311.4**	**46.2**	**26.0**	**12.8**	**63.3**	**459.7**
Presented as						
Current	–	–	3.3	11.0	30.6	44.9
Non-current	311.4	46.2	22.7	1.8	32.7	414.8
2021						
At 1 January 2021	403.7	71.0	34.0	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	5.6	3.5	0.7	44.7	60.8
Release of provisions	(6.3)	(21.6)	(4.1)	(11.7)	(22.0)	(65.7)
Exchange movements	(0.2)	0.2	(0.5)	0.1	(1.7)	(2.1)
At 31 December 2021	**342.1**	**55.2**	**32.4**	**93.3**	**112.2**	**635.2**
Presented as						
Current	–	–	9.0	89.0	61.0	159.0
Non-current	342.1	55.2	23.4	4.3	51.2	476.2

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. This was the case in 2022 and is reflected by a charge to exceptional items.

The total liability recorded in the Group's balance sheet at 31 December 2022 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.

Notes to the financial statements continued

21 Provisions (continued)

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2022			2021		
	US $m	UK $m	Total $m	US $m	UK $m	Total $m
Asbestos related provision						
Gross provision	**425.4**	**32.5**	**457.9**	406.0	38.2	444.2
Effect of discounting	**(87.0)**	**–**	**(87.0)**	(47.6)	–	(47.6)
Net provision	**338.4**	**32.5**	**370.9**	358.4	38.2	396.6
Insurance recoveries						
Gross recoveries	**(6.0)**	**(29.5)**	**(35.5)**	(13.1)	(34.6)	(47.7)
Effect of discounting	**–**	**–**	**–**	0.2	–	0.2
Net recoveries	**(6.0)**	**(29.5)**	**(35.5)**	(12.9)	(34.6)	(47.5)
Net asbestos related liabilities	**332.4**	**3.0**	**335.4**	345.5	3.6	349.1
Presented in accounts as follows						
Provisions – non-current			**311.4**			342.1
Trade and other payables			**59.5**			54.5
Trade and other receivables			**(11.1)**			(13.5)
Long term receivables			**(24.4)**			(34.0)
			335.4			349.1

The gross US asbestos related provision of $425.4m (2021: $406.0m) includes $35.4m (2021: $21.6m) relating to agreed settlements which have not been paid at 31 December 2022. The remaining $390.0m (2021: $384.4m) represents the gross US asbestos related provision which is discounted to a net present value of $303.0 million (2021: $336.8 million).

A net interest charge of $5.9m (2021: $6.3m) representing the unwinding of the discount over time and a credit of $37.0m (2021: credit $6.3m), of which $35.6m relates to the increase in the 30-year US Treasury Bond rate in 2022 are included within exceptional items since the movements in the provision are non-trading, can be large and are driven by market conditions which are out with the Group's control.

An additional $52.8m has been charged to the income statement in the year, reflecting future actuarial adjustments in the overall plan estimates. The increase to the estimates are driven by a higher number of filings compared to the underlying actuarial model and an increased number of settlements at higher settlement values.

A summary of the Group's US asbestos claim activity is shown in the table below:

Number of open claims	2022 Number	2021 Number
At 1 January	**57,490**	60,400
New claims	**2,330**	2,440
Claims resolved	**(2,620)**	(5,350)
At 31 December	**57,200**	57,490
Claims not valued in liability	**(42,170)**	(42,570)
Open claims valued in liability at 31 December	**15,030**	14,920

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 2022 activity, the Group's current forecast liabilities have been adjusted for payments made in 2022 of $44.1m and to reflect the impact of discounting.

In 2022, the liability for asbestos indemnity and defence costs to 2050 was calculated at a gross nominal amount of $457.9m (present value $370.9m), which brought the liability to a level consistent with our advisor's reasonable best estimate. The total asbestos-related liabilities are comprised of estimates for liabilities relating to open (outstanding) claims being valued and the liability for future unasserted claims to 2050.

The estimate takes account of the following information and/or assumptions:

- number of open claims
- forecasted number of future claims
- estimated average cost per claim by disease type – mesothelioma, lung cancer and non-malignancies

21 Provisions (continued)

The total estimated liability, which has been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defence costs. Total defence costs and indemnity liability payments are estimated to be incurred through to 2050. The Group believes that it is likely that there will be some claims filed after 2050, however these are projected to be minimal.

In the last 5 years from 2018 to 2022, the average combined indemnity and defence cost per resolved claim has been approximately $9k. The average cost per resolved claim is increasing and management believe it will continue to increase in the future as the Group continues to resolve the current and estimated future claims inventory. A sensitivity analysis on average indemnity settlement and defence costs is included in the table below.

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. The receivables are only recognised when it is virtually certain that the claim will be paid.

The following table sets out the sensitivities associated with a change in certain estimates used in relation to the US asbestos-related liabilities:

Assumption	**Impact on asbestos liabilities (range) $m**
25% change in average indemnity settlement amount	50–60
25% change in forecasted number of new claims	50–60
25% change in estimated defence costs	40–50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money.

The Group has used 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 2022**	**Exceptional items $m**
10 year	3.88%	(34.0)
20 year	4.14%	(38.0)
30 year (basis used)	3.97%	(35.6)

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 $1.5m.

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:

	2022 $m	2021 $m
Asbestos litigation, defence and case resolution payments	**44.1**	42.5
Insurance proceeds	**(7.7)**	(13.5)
Net asbestos related payments	**36.4**	29.0

The Group expects to have a net cash outflow of approximately $38m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2023. This estimate assumes 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 is expected to be fully recovered in 2023.

The Group has discounted the expected future cash flows with respect to the asbestos related liabilities using discount rates determined by reference to appropriate risk free market interest rates.

Insurance provisions

The Group has liabilities in relation to its captive insurance companies of $46.2m (2021: $55.2m).

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.

Notes to the financial statements continued

21 Provisions (continued)

Property provisions

Property provisions total $26.0m (2021: $32.4m). Property provisions mainly comprise of dilapidations relating to the cost of restoring leased property back into its original, pre-let condition. The estimate of costs is the greatest area of uncertainty and the timing of future cash outflows is linked to the term dates of numerous individual leases.

Litigation related provisions

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a cash outflow will be required.

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ from the amounts that are recognised in the financial statements.

Investigations

Under the terms of the investigation agreements concluded in 2021, the Group will pay compensation, disgorgement and prejudgment interest, fines and penalties in instalments, with the remaining amounts due to the SFO and the Crown Office and Procurator Fiscal Service ("COPFS") payable in 2023 and 2024, with approximately $38m paid in 2022.

During 2021, the Group reclassed $196.7m of provisions to Trade and other payables to reflect the greater certainty as a result of the agreement. At 31 December 2022, the Group has recognised the outstanding penalties comprising of a current portion of $37.3m included within Trade and other payables and a non-current portion of $33.6m included in other non-current liabilities (note 19).

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 sought 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 totalled $695m, which included an alleged $317m in lost revenue from delayed commercial operation.

The trial of the lawsuit commenced on 19 April 2022 and concluded on 22 July 2022, with agreement reached between the parties on 11 November 2022. The Group has agreed to settle the case for an amount of $115m. Prior to settlement, after deducting legal fees incurred in the period up to settlement, a provision of $79m was held leading to a loss of $36m being recorded in 2022. This loss has been classified as exceptional both by its nature and by its size. All claims against the Group and its subsidiaries have been released per the settlement agreement and the action has been dismissed with prejudice on joint motion of the parties.

Overall, the amount paid to Enterprise was higher than the Group's underlying legal assessment of the merits of the case, but further drawn-out litigation was likely to be costly and carried a risk that a court awarded a figure significantly more than the amount paid. Negotiations with Enterprise brought the figure down as far as possible and ultimately it was considered by the Board that a premium was appropriate to bring the matter to a timely close.

Other litigations

Other items relating to litigation are included within the overall provision, none of which are individually material.

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 ("USACE"). Wood's construction scope is now substantially complete and is due to be formally handed over to USACE at the end of March 2023. There has been no change in management's assessment of the loss at completion which remains at $222m. The full amount of this loss has been recognised to date.

21 Provisions (continued)

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 Group has classified the receivable balances as non-current, due to the element of uncertainty surrounding the timing of the receipt of these balances. The ultimate loss also includes the Group's assessment of the total legal costs necessary to achieve recovery of the amounts believed to be recoverable and defend our position on liquidated damages. At this point in time this is an estimate based on a weighted average of several possible outcomes and the actual costs could be materially higher or lower depending on actual route to settlement.

If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. At 31 December 2022, provisions of $15.6m 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. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion, recovery of costs from USACE and the final 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 2022, the Group held provisions totaling $8.6m (2021: $15.3m) 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 remediation obligations may continue for up to 100 years.

As described in note 34, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. These principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group. 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.

Notes to the financial statements continued

22 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% (2021: 25%). The movement on the deferred tax account is shown below:

(Asset)/liability	As at 1 January 2022 $m	Income statement $m	OCI $m	Other $m	Disposals $m	As at 31 December 2022 $m
Accelerated capital allowances	(26.8)	(5.4)	2.4	–	–	(29.8)
Intangibles	240.3	1.3	(4.5)	–	(57.2)	179.9
Pension	63.6	10.0	33.2	–	–	106.8
Share based charges	(2.3)	0.9	–	–	–	(1.4)
Other temporary differences	(3.3)	(38.0)	4.6	(0.4)	–	(37.1)
Provisions	(50.7)	41.2	1.8	–	0.4	(7.3)
Unremitted earnings	21.7	3.1	(1.3)	–	–	23.5
Deferred interest deduction	(54.2)	54.2	–	–	–	–
Tax credits	–	1.5	–	(1.5)	–	–
Losses	(191.5)	(6.3)	1.9	(0.1)	0.3	(195.7)
Total	**(3.2)**	**62.5**	**38.1**	**(2.0)**	**(56.5)**	**38.9**

	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)
Total	**8.6**	**(20.3)**	**10.5**	**(2.0)**	**(3.2)**

Deferred tax is presented in the financial statements as follows:

	2022 $m	2021 $m
Deferred tax assets	**(61.2)**	(75.7)
Deferred tax liabilities	**100.1**	72.5
Net deferred tax (asset)/liability	**38.9**	(3.2)

No deferred tax liability has been recognised in respect of $21,722.0m (2021: $19,607.7m) 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 $61.8m (2021: $55.6m).

22 Deferred tax (continued)

The deferred tax balances are analysed below.

31 December 2022

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(61.7)	(130.0)	(1.3)	(1.4)	(125.3)	(7.3)	–	–	(195.7)	461.5	(61.2)
Deferred tax liabilities	31.9	309.9	108.1	–	88.2	–	23.5	–	–	(461.5)	100.1
Net	**(29.8)**	**179.9**	**106.8**	**(1.4)**	**(37.1)**	**(7.3)**	**23.5**	**–**	**(195.7)**	**–**	**38.9**

Included in the $195.7m (2021: $191.5m) of deferred tax assets in respect of losses is an amount of $97.4m (2021: $42.2m) relating to the UK tax group which has sufficient deferred tax liabilities to offset, and $91.3m (2021: $129.4m) relating to the US tax group of which no asset (2021: $32.7m) is recognised based on forecast profits of the US business, the balance is supported by deferred tax liabilities.

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
Net	**(26.8)**	**240.3**	**63.6**	**(2.3)**	**(3.3)**	**(50.7)**	**21.7**	**(54.2)**	**(191.5)**	**–**	**(3.2)**

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

31 December 2022	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	676.1	131.9	808.0
Expiring within 6-10 years	–	7.5	7.5
Expiring within 11-20 years	137.7	–	137.7
Unlimited	5,271.2	1,179.5	6,450.7
	6,085.0	**1,318.9**	**7,403.9**

31 December 2021	Tax losses $m	Deductible temporary differences $m	Total $m
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
	6,667.2	**1,094.1**	**7,761.3**

Notes to the financial statements continued

23 Share based charges

The Group currently has a number of share plans that give rise to equity settled share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Plan ('LTP'), the Employee Share Plan ('ESP') and the Share Incentive Plan ('SIP'). The charge to operating profit for these plans for the year amounted to $20.7m (2021: $22.1m) 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, performance-based awards to senior management made based on achievement of performance measures and non-performance awards either in the form of conditional share awards or share options.

The performance measures are 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.

Employees may also be granted non-performance awards either in the form of conditional share awards or share options. These awards typically have a three year vesting period. During 2022, a large portion of senior management who were previously eligible for the performance-based element of the LTP were instead awarded these non-performance awards.

Performance based awards

Details of the LTP awards are set out in the table below. The charge for market related performance targets has been calculated using a Monte Carlo simulation model taking account of share price volatility against peer group companies, risk free rate of return, dividend yield and the expected lifetime of the award. Further details of the LTP are provided in the Directors' Remuneration Report.

Cycle	Performance period	Fair value of award	Awards outstanding 31 December 2022	Awards outstanding 31 December 2021
11	2018–20	£6.67	**405,899**	773,800
12	2019–21	£5.69	**257,082**	5,085,975
13	2020–22	£3.64	**6,987,812**	7,943,623
14	2021–23	£3.17	**7,634,392**	9,448,976
15	2022–24	£1.88	**1,647,844**	–
			16,933,029	23,252,374

2,348,180 awards were made during the year, 80,330 awards accrued in respect of dividends, 1,438,398 awards were exercised during the year and 7,313,617 awards lapsed or were cancelled due to performance targets not being achieved.

The awards outstanding under cycle 11 and 12 represent 100% of the deferred award for directors and 20% of the award for all other participants at vesting which is deferred for two years. Awards under cycle 15 were granted to directors and the executive leadership team only, with other senior management receiving non-performance LTP awards.

Further details on the LTP are provided in the Directors' Remuneration Report.

ESOS

For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and a lapse rate of 25% has been assumed. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares as well as that of comparable companies. The risk-free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

23 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 awards granted, exercised and lapsed during the year.

	ESOS		LTP and deferred bonus	
	2022	2021	**2022**	2021
Number of participants	**218**	400	**349**	85
Lapse rate	**25%**	25%	**10%**	10%
Risk free rate of return on grants during year	**N/A**	N/A	**0.43%**	0.43%
Share price volatility	**40%**	40%	**40%**	40%
Dividend yield on grants during year	**N/A**	N/A	**0%**	0%
Fair value of options granted during year	**N/A**	N/A	**£1.91–£2.39**	£2.30–£2.81
Weighted average remaining contractual life	**0.7 years**	1.4 years	**2.2 years**	2.4 years
Options outstanding 1 January	**1,540,288**	1,991,512	**3,284,268**	2,060,519
Options granted during the year	**–**	–	**7,673,780**	2,134,000
Options exercised during the year	**–**	–	**(1,456,502)**	(891,340)
Options lapsed during the year	**(545,288)**	(451,224)	**(1,247,012)**	(50,001)
Dividends accrued on options	**–**	–	**–**	31,090
Options outstanding 31 December	**995,000**	1,540,288	**8,254,534**	3,284,268
No. of options exercisable at 31 December	**995,000**	1,487,538	**296,531**	219,300
Weighted average share price of options exercised during year	**N/A**	N/A	**£1.58**	£2.45

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

	Number of ordinary shares under option			
Year of Grant	**2022**	2021	**Exercise price (per share)**	**Exercise period**
2012	**–**	338,788	680½p	2016–2022
2013	**518,500**	622,000	845⅓p	2017–2023
2014	**476,500**	579,500	767⅔p	2018–2024
	995,000	1,540,288		

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.

Notes to the financial statements continued

23 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 2022	2021	Exercise price (per share)	Exercise period
2017	**–**	110,000	0.00p	2021–2022
2018	**79,348**	189,970	0.00p	2022–2023
2019	**–**	109,300	0.00p	2021–2022
2020	**227,183**	765,998	0.00p	2022–2023
2020	**5,000**	5,000	0.00p	2023–2024
2021	**–**	100,000	0.00p	2023–2024
2021	**1,544,000**	2,004,000	0.00p	2025–2026
2022	**101,337**	–	0.00p	2024–2025
2022	**900,000**	–	0.00p	2025–2026
2022	**5,397,666**	–	0.00p	2025
	8,254,534	3,284,268		

Awards 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 2022, 2,007,094 shares were awarded in relation to the ESP, of which 578,944 and 1,428,150 shares related to the 2021/22 and 2022/23 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 2022, 690,804 partnership shares and 345,507 matching shares were awarded.

24 Share capital

Ordinary shares of 4²⁄₇ pence each (2021: 4²⁄₇ pence) Authorised, issued and fully paid	2022 shares	2022 $m	2021 shares	2021 $m
At 1 January	**691,839,369**	**41.3**	688,339,369	41.1
Allocation of new shares to employee share trusts	**–**	**–**	3,500,000	0.2
At 31 December	**691,839,369**	**41.3**	691,839,369	41.3

Holders of ordinary shares are entitled to receive any dividends declared by the Company and are entitled to vote at general meetings of the Company.

25 Share premium

	2022 $m	2021 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at 4²⁄₇ pence (2021: 4²⁄₇ pence).

26 Retained earnings

	2022 $m	2021 $m
At 1 January	**1,415.0**	1,455.2
Loss for the year attributable to owners of the parent	**(356.3)**	(139.5)
Credit relating to share based charges (note 23)	**20.7**	22.1
Re-measurement loss on retirement benefit liabilities (note 33)	**170.9**	83.3
Movement in deferred tax relating to retirement benefit liabilities	**(41.6)**	(9.5)
Shares allocated to employee share trusts	**–**	(0.2)
Deferred tax impact of rate change in equity	**(0.8)**	4.5
Tax on derivative financial instruments	**(1.7)**	(3.4)
Other tax movements in equity	**(1.3)**	(0.1)
Exchange movements in respect of shares held by employee share trusts	**12.5**	1.1
Purchase of shares by employee share trusts for the Share Incentive Plan (SIP)	**1.7**	1.5
Transactions with non-controlling interests	**5.3**	–
At 31 December	**1,224.4**	1,415.0

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 (2021: nil).

Shares held by employee share trusts

	2022		2021	
	Shares	**$m**	Shares	$m
Balance 1 January	**14,358,014**	**111.9**	15,006,961	112.8
New shares allocated	**–**	**–**	3,500,000	0.2
Shares issued to satisfy option exercises	**(1,456,502)**	**–**	(870,503)	–
Shares issued to satisfy awards under Long Term Incentive Plan	**(1,438,398)**	**–**	(1,257,013)	–
Shares issued to satisfy awards under Employee Share Plan	**(1,984,772)**	**–**	(1,383,506)	–
Shares issued to satisfy awards under Share Incentive Plan	**(1,036,311)**	**–**	(637,925)	–
Other share transactions	**–**	**–**	–	–
Exchange movement	**–**	**(12.5)**	–	(1.1)
Balance 31 December	**8,442,031**	**99.4**	14,358,014	111.9

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 2022 was $13.7m (2021: $37.1m) based on the closing share price of £1.35 (2021: £1.91) and closing exchange rate of 1.2029 (2021: 1.3545). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

Notes to the financial statements continued

27 Merger reserve

	2022 $m	2021 $m
At 1 January and 31 December	**2,540.8**	2,540.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Group. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualified for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares was credited to a merger reserve rather than the share premium account.

In November 2019, John Wood Group PLC (the Company) sold its investment in Amec Foster Wheeler Limited and other subsidiaries to another subsidiary company, John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

28 Other reserves

	Capital reduction reserve $m	Capital redemption reserve $m	Currency translation reserve $m	Hedging reserve $m	Total $m
At 1 January 2021	88.1	439.7	(441.1)	(17.7)	69.0
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
At 31 December 2021	**88.1**	**439.7**	**(497.0)**	**(9.8)**	**21.0**
Cash flow hedges	–	–	–	5.1	5.1
Exchange movement on retranslation of foreign operations	–	–	(223.0)	–	(223.0)
Exchange movement on disposal of foreign operations	–	–	54.5	–	54.5
At 31 December 2022	**88.1**	**439.7**	**(665.5)**	**(4.7)**	**(142.4)**

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.

29 Non-controlling interests

	2022 $m	2021 $m
At 1 January	**3.3**	2.8
Share of profit for the year	**4.6**	4.0
Dividends paid to non-controlling interests	**(1.1)**	(2.7)
Transactions with non-controlling interests	**(5.3)**	(0.8)
At 31 December	**1.5**	3.3

30 Analysis of net debt

2022	At 1 January 2022 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2022 $m
Short term borrowings	(281.9)	(53.0)	(12.2)	1.2	(345.9)
Long term borrowings	(1,614.1)	1,039.1	(8.9)	(0.1)	(584.0)
	(1,896.0)	986.1	(21.1)	1.1	(929.9)
Cash and cash equivalents	503.0	60.2	–	(26.5)	536.7
Net debt excluding leases	**(1,393.0)**	**1,046.3**	**(21.1)**	**(25.4)**	**(393.2)**
Leases	(449.8)	121.6	(41.7)	27.0	(342.9)
Net debt including leases	**(1,842.8)**	**1,167.9**	**(62.8)**	**1.6**	**(736.1)**

2021	At 1 January 2021 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2021 $m
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)	–	–	–
Net debt excluding leases	**(1,014.3)**	**(385.3)**	**12.1**	**(5.5)**	**(1,393.0)**
Leases	(541.4)	167.6	(80.2)	4.2	(449.8)
Net debt including leases	**(1,555.7)**	**(217.7)**	**(68.1)**	**(1.3)**	**(1,842.8)**

Cash at bank and in hand at 31 December 2022 includes $328.4m (2021: $240.4m) that is part of the Group's cash pooling arrangements. For internal reporting and the calculation of interest, this amount is netted with short-term overdrafts and is presented as a net figure on the Group's balance sheet. In preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

Cash and cash equivalents of $536.7m (2021: $503.0m) includes restricted cash of $15.0m (2021: $12.5m). The restricted cash balance comprises $10.0m (2021: $12.5m) of cash held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $5.0m (2021: $nil) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group.

The lease liability at 31 December 2022 is made up of long term leases of $259.7m (2021: $331.5m) and short term leases of $83.2m (2021: $118.3m).

The other movements of $62.8m (2021: $68.1m) in the above table represents new leases entered into of $23.8m (2021: $59.9m), interest expense of $17.9m (2021: $20.3m), amortisation of bank facility fees of $8.9m and accrued interest on loan notes of $12.2m. As a result of new facilities entered into during 2021, there was an offsetting movement caused by new facility fees incurred of $12.1m.

As at 31 December 2022, the Group had received $200.0m (2021: $200.0m) 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 2022, $113.6m (2021: $79.4m) had been received from customers in the normal course of business in relation to the same amounts received from the factor. This $113.6m (2021: $79.4m) is due to be paid over to the factor and is included in trade payables. The benefit of this arrangement of $200.0m is included within cash generated from operations.

Notes to the financial statements continued

31 Disposal Group held for sale

Included within the agreement for the sale of the Built Environment Consulting business is an arrangement to sell a subsidiary separately to the rest of the transaction, which completed in September 2022. The sale of this subsidiary, residing in Saudi Arabia, is anticipated to complete during 2023 and therefore the assets and liabilities of this disposal group are classified as held for sale as at 31 December 2022.

The composition of assets and liabilities held for sale on the balance sheet as at 31 December 2022 is set out below.

Assets held for sale	$m
Trade and other receivables	21.0
Total	**21.0**

Liabilities held for sale	$m
Trade and other payables	20.6
Total	**20.6**

32 Employees and directors

Employee benefits expense	**2022 $m**	2021 $m
Wages and salaries	**2,808.0**	2,797.8
Social security costs	**196.1**	213.6
Pension costs – defined benefit schemes (note 33)	**1.7**	3.7
Pension costs – defined contribution schemes (note 33)	**103.5**	104.6
Share based charges (note 23)	**20.7**	22.1
	3,130.0	3,141.8

Average monthly number of employees (including executive directors)	**2022 No.**	2021 No.
By geographical area:		
UK	**5,601**	5,491
US	**9,128**	10,926
Rest of the World	**20,721**	19,062
	35,450	35,479

The average number of employees excludes contractors and employees of joint venture companies.

Key management compensation	**2022 $m**	2021 $m
Salaries and short-term employee benefits	**13.9**	10.3
Amounts receivable under long-term incentive schemes	**0.7**	0.2
Social security costs	**1.0**	1.1
Post-employment benefits	**0.3**	0.2
Share based charges	**3.6**	3.6
Termination benefits	**0.9**	–
	20.4	15.4

Key management compensation represents the charge to the income statement in respect of the remuneration of the Group board and Group Executive Leadership Team ('ELT') members. At 31 December 2022, key management held 0.1% of the voting rights of the company.

Directors	**2022 $m**	2021 $m
Aggregate emoluments	**3.8**	3.3
Aggregate amounts receivable under long-term incentive schemes	**0.3**	0.1
Aggregate gains made on the exercise of share options	**0.3**	0.2
Share based charges	**1.6**	1.4
	6.0	5.0

At 31 December 2022, one director (2021: one) had retirement benefits accruing under a defined contribution pension plan and no directors (2021: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

Notes to the financial statements continued

33 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The assets of the defined benefits schemes are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. The trustees of the pension schemes are required by law to act in the best interests of the scheme participants and are responsible for setting certain policies (such as investment, contribution and indexation policies) for the schemes.

At 31 December 2022, the largest schemes by gross obligation are the Wood Pension Plan ('WPP') in the UK, the Foster Wheeler Inc Salaried Employees Pension Plan ('FW Inc SEPP') in the US and the Foster Wheeler Inc Pension Plan for Certain Employees ('FW Inc PPCE') in the US.

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 2022. The assets of the schemes are stated at their aggregate market value as at 31 December 2022.

The actuarial valuation method is prescribed by the IAS 19 accounting standard and uses discount rates determined by the yields on high quality, AA rated, bonds at the measurement date. Conversely, each pension scheme is subject to a separate technical provisions or funding basis valuation which is considered to be more prudent than the IAS 19 methodology. Under IAS 19, the Wood Pension Plan is 119% funded on 31 December 2022 compared to 104% funded on the technical provisions basis.

Management have considered the requirements of IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and consider it is appropriate to recognise the IAS 19 surplus in the Wood Pension Plan. The rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes. The requirements of IFRIC 14 also mean there is no requirement to recognise any additional liabilities in relation to deficit funding requirements.

Scheme membership at the date of the most recent scheme census was as follows:

	2022 Wood Pension Plan	**2022 FW Inc SEPP**	**2022 FW Inc PPCE**	2021 Wood Pension Plan	2021 FW Inc SEPP	2021 FW Inc PPCE
Active members	**494**	**44**	**28**	494	48	38
Deferred members	**8,313**	**622**	**437**	8,313	453	653
Pensioner members	**10,149**	**2,233**	**871**	10,149	2,305	857

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:

	2022 Wood Pension Plan %	**2022 FW Inc SEPP %**	**2022 FW Inc PPCE %**	2021 Wood Pension Plan %	2021 FW Inc SEPP %	2021 FW Inc PPCE %
Discount rate	**5.0**	**5.2**	**5.2**	1.8	2.6	2.6
Rate of increase in pensions in payment and deferred pensions	**2.8**	**N/A**	**N/A**	3.1	N/A	N/A
Rate of retail price index inflation	**3.1**	**N/A**	**N/A**	3.3	N/A	N/A
Rate of consumer price index inflation	**2.6**	**N/A**	**N/A**	2.8	N/A	N/A

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2022 were as follows –

Scheme	**Mortality assumption**
Wood Pension Plan	Scheme specific table with CMI 2021 (Sk =7.0) projections and a long-term rate of improvement of 1.25% pa, initial addition ("A" parameter) of 0.3, no weight to 2020 and 15% for 2021 data
FW Inc SEPP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MP-2021 with no collar adjustments and Pri-2012 Contingent Annuitant mortality for spouses and beneficiaries with generational projection using Scale MP-2021 with no collar adjustments

The mortality assumption uses data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. In relation to the Wood Pension Plan, the CMI's latest mortality projections model, 'CMI 2021', published in March 2022, allowed flexibility to vary the weight on mortality data for individual years in response to the Covid-19 pandemic. As a result, the Group is using an s-kappa of 7.0 and a 15% weighting for 2021 mortality data in arriving at its 31 December 2022 mortality assumption. The impact of this is that there is more weight given to recent mortality experience than in prior years, but recognising the impact of exceptional mortality experience across 2020 and 2021, no weight is placed on 2020 with less than full weight placed on 2021. A small reduction of around 0.8% in the value of defined benefit obligation is observed through these changes.

33 Retirement benefit schemes (continued)

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2022 Wood Pension Plan	**2022 FW Inc SEPP**	**2022 FW Inc PPCE**	2021 Wood Pension Plan	2021 FW Inc SEPP	2021 FW Inc PPCE
Life expectancy at age 65 of male aged 45	**23.8**	**22.1**	**22.1**	24.1	22.0	22.0
Life expectancy at age 65 of male aged 65	**22.5**	**20.6**	**20.6**	22.8	20.5	20.5
Life expectancy at age 65 of female aged 45	**25.5**	**24.0**	**24.0**	25.5	23.9	23.9
Life expectancy at age 65 of female aged 65	**24.0**	**22.6**	**22.6**	24.0	22.5	22.5

The amounts recognised in the income statement are as follows:

	2022 $m	2021 $m
Current service cost	**1.7**	3.7
Past service credit	**–**	(4.8)
Total expense/(income) included within operating profit	**1.7**	(1.1)

Interest cost	**78.0**	69.0
Interest income on scheme assets	**(80.4)**	(69.2)
Total included within finance income	**(2.4)**	(0.2)

The amounts recognised in the balance sheet are determined as follows:

	2022 $m	2021 $m
Present value of funded obligations	**(2,533.0)**	(4,626.6)
Fair value of scheme assets	**2,892.2**	4,811.5
Net surplus	**359.2**	184.9

Changes in the present value of the defined benefit liability are as follows:

	2022 $m	2021 $m
Present value of funded obligations at 1 January	**4,626.6**	4,779.9
Current service cost	**1.7**	3.7
Past service cost/(credit)	**–**	(4.8)
Interest cost	**78.0**	69.0
Contributions	**–**	–
Re-measurements:		
- actuarial gains arising from changes in financial assumptions	**(1,544.5)**	(73.0)
- actuarial (gains)/losses arising from changes in demographic assumptions	**(31.4)**	35.7
- actuarial losses arising from changes in experience	**72.0**	53.6
Benefits paid	**(177.3)**	(201.6)
Decrease due to divestments	**(58.7)**	–
Exchange movements	**(433.4)**	(35.9)
Present value of funded obligations at 31 December	**2,533.0**	4,626.6

Notes to the financial statements continued

33 Retirement benefit schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2022 $m	2021 $m
Fair value of scheme assets at 1 January	**4,811.5**	4,844.3
Interest income on scheme assets	**80.4**	69.2
Contributions	**42.5**	50.1
Benefits paid	**(177.3)**	(201.6)
Re-measurement (gains)/losses on scheme assets	**(1,333.0)**	99.6
Expenses paid	**(7.4)**	(9.4)
Decrease due to divestments	**(55.9)**	–
Exchange movements	**(468.6)**	(40.7)
Fair value of scheme assets at 31 December	**2,892.2**	4,811.5

Analysis of the movement in the balance sheet surplus:

	2022 $m	2021 $m
Surplus at 1 January	**184.9**	64.4
Current service cost	**(1.7)**	(3.7)
Past service credit	**–**	4.8
Finance income	**2.4**	0.2
Contributions	**42.5**	50.1
Re-measurement gains recognised in the year	**170.9**	83.3
Expenses paid	**(7.4)**	(9.4)
Increase due to divestments (note 7)	**2.8**	–
Exchange movements	**(35.2)**	(4.8)
Surplus at 31 December	**359.2**	184.9

The increased surplus due to divestments of $2.8m relates to sale of a net pension liability on a small US scheme. This forms part of the disposal of the Built Environment Consulting business outlined in note 7.

The net surplus at 31 December is presented in the Group balance sheet as follows:

	2022 $m	2021 $m
Wood Pension Plan	**432.4**	259.6
Retirement benefit scheme surplus	**432.4**	259.6
Foster Wheeler Inc SEPP/PPCE	**(49.4)**	(43.1)
All other schemes	**(23.8)**	(31.6)
Retirement benefit scheme deficit	**(73.2)**	(74.7)
Net surplus	**359.2**	184.9

33 Retirement benefit schemes (continued)

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2022 Wood Pension Plan %	**2022 FW Inc SEPP %**	**2022 FW Inc PPCE %**	2021 AFW Pension Plan %	2021 FW Inc SEPP %	2021 FW Inc PPCE %
Active members	**5.6**	**3.5**	**1.7**	6.4	4.6	2.3
Deferred members	**38.5**	**23.1**	**12.9**	45.0	22.1	17.6
Pensioner members	**55.9**	**73.4**	**85.4**	48.6	73.3	80.1

The weighted average duration of the defined benefit obligation is as follows:

	2022 Wood Pension Plan years	**2022 FW Inc SEPP years**	**2022 FW Inc PPCE years**	2021 AFW Pension Plan years	2021 FW Inc SEPP years	2021 FW Inc PPCE years
Duration of defined benefit obligation	**13.0**	**8.1**	**7.3**	17.0	9.5	9.1

The duration of the defined benefit obligation has reduced during 2022 due to the rise in discount rates, which means that later cash flows are more heavily discounted and so the weighted average duration of liabilities is lower.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2022 Wood Pension Plan %	**2022 FW Inc SEPP %**	**2022 FW Inc PPCE %**	2021 AFW Pension Plan %	2021 FW Inc SEPP %	2021 FW Inc PPCE %	**2022 Quoted on active market %**	2021 Quoted on active market %
Equities	**0.4**	**42.9**	**54.1**	10.7	54.4	59.7	**89.8**	97.4
Property[a]	**2.8**	**–**	**–**	2.6	–	–	**–**	–
Bonds (including gilts)	**100.8**	**51.4**	**38.5**	84.8	44.6	39.3	**100.0**	99.9
Cash	**13.9**	**1.1**	**1.5**	2.8	1.0	1.0	**100.0**	100.0
Derivatives[b]	**(17.9)**	**–**	**–**	(10.5)	–	–	**–**	–
Investment funds	**–**	**4.6**	**5.9**	9.6	–	–	**–**	–
	100.0	**100.0**	**100.0**	100.0	100.0	100.0	**n/a**	n/a

Notes

a. Property assets are valued based on an analysis of recent market transactions supported by market knowledge derived from third-party, independent valuation experts

b. Derivatives are mainly related to repurchase agreements used to fund liability driven investments

As at 31 December 2022, 113.7% (2021: 98.0%) 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. In October 2022, an updated schedule of contributions for the Wood Pension Plan was agreed, which will reduce contribution levels from $9.6m to $nil for the 2023 financial year. An additional $29.6m of contributions were made towards the Wood Pension Plan during 2022, linked to the Group net debt covenant being greater than 2.5x at the December 2021 and June 2022 reporting dates.

The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements.

Total contributions expected to be paid during the financial year ending 31 December 2023 amount to $nil (2021: $43.4m for the financial year ending 31 December 2022).

Notes to the financial statements continued

33 Retirement benefit schemes (continued)

Scheme risks

The retirement benefit schemes are exposed to a number of risks, the most significant of which are –

Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

The schemes hold various liability driven investments comprising physical gilts, swap and leveraged gilt exposures to provide asset protection against interest and inflation factors inherent in their liability valuations. Specifically in relation to the Wood Pension Plan, the liquidity of the scheme has withstood recent market turmoil, without the need for any additional contributions from the Group to support liquidity. Collateral buffers have been further strengthened by de-risking steps taken to disinvest from equities and it is believed the WPP has sufficient collateral to withstand a sizable level of movement in interest rates.

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk

The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

Sensitivity of the retirement benefit obligation

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

Approximate increase/(decrease) on scheme liabilities	**Wood Pension Plan 2022 $m**	Wood Pension Plan 2021 $m	**FW Inc SEPP 2022 $m**	FW Inc SEPP 2021 $m	**FW Inc PPCE 2022 $m**	FW Inc PPCE 2021 $m
Discount rate						
Plus 0.5%	**(134.0)**	(332.0)	**(3.2)**	(4.6)	**(5.4)**	(8.9)
Minus 0.5%	**151.5**	378.0	**3.5**	5.0	**5.7**	9.7
Inflation						
Plus 0.1%	**13.3**	38.5	**N/A**	N/A	**N/A**	N/A
Minus 0.1%	**(13.2)**	(38.3)	**N/A**	N/A	**N/A**	N/A
Life expectancy						
Plus 1 year	**75.5**	196.4	**2.9**	4.3	**6.1**	8.9
Minus 1 year	**(73.6)**	(192.2)	**(2.9)**	(4.2)	**(6.0)**	(8.9)

The sensitivity analysis covering the impact of increases in pensions is included in the inflation sensitivity in the above table. The discount rate sensitivities in the above table can be extrapolated downwards and upwards to broadly calculate the impact of a 0.25% and 1% discount rate movement respectively.

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2022 $m	2021 $m
Defined contribution plans	**103.5**	104.6

There were no material contributions outstanding at 31 December 2022 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 (2021: $0.1m) to the arrangement. Contributions are invested in a portfolio of US funds and the fair value of the funds at the balance sheet date are recognised by the Group in other investments. Investments held by the Group at 31 December amounted to $55.6m (2021: $75.9m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

34 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 professional or other services performed by the Group for its customers. 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 Refineria 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.

The group carries insurance coverage and in the event of future economic outflow arising with respect to any of these contingencies, an element of reimbursement may occur, subject to any excess or other policy restrictions and limits.

Investigations

Following the settlement of the various regulatory investigations in 2021, it remains possible that there may be other adverse consequences for the Group's business including actions by authorities in other jurisdictions. At this time, these consequences and likelihood of potential further investigations cannot be reliably estimated, and therefore no provision has made in respect of them in the financial statements.

Employment claims

The Group received assessments from HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. The assessments have been appealed and our case is stayed pending the outcome of a similar case with another Group. 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 $28m.

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. During 2022 the Group sold its Built Environment Consulting business to WSP in late 2022 and the share purchase agreement provided an indemnity for losses on three specified contracts. No provisions were considered necessary for these contracts as at 31 December 2022.

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 $36m and in the event of any amount ultimately being payable there is no prospect of any reimbursement.

35 Capital and other financial commitments

	2022 $m	2021 $m
Contracts placed for future capital expenditure not provided in the financial statements	**74.8**	119.9

The capital expenditure above relates to property plant and equipment and software costs.

Notes to the financial statements continued

36 Related party transactions

The following transactions were carried out with the Group's joint ventures. These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The receivables include loans to joint venture companies.

	2022 $m	2021 $m
Sale of goods and services to joint ventures	**12.2**	21.4
Purchase of goods and services from joint ventures	**4.3**	3.5
Receivables from joint ventures	**8.9**	13.1
Payables to joint ventures	**0.3**	0.4

Compensation of key management personnel includes salaries, non-cash benefits and contributions to post retirement benefits schemes disclosed in note 32.

The Group operates a number of defined benefit pension arrangements and seeks to fund these arrangements to ensure that all benefits can be paid as and when they fall due. The Group has an agreed schedule of contributions with the UK plan's trustees where amounts payable by the Group are dependent on the funding level of the respective scheme. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 33 sets out details of the Group's pension obligations under these arrangements.

37 Post balance sheet events

During February 2023, the Group entered into an asset purchase agreement to sell the trade and assets of its Gulf of Mexico offshore labour supply operations. The agreement was for a cash consideration of $17m with the Group retaining net working capital. The transaction completed on 14 March 2023.

38 Subsidiaries, joint ventures and other related undertakings

The Group's subsidiary and joint venture undertakings at 31 December 2022 are listed below. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Algeria		
SARL Wood Group Algeria	Regus Algeria, Tour Nord, Centre Commercial et Administratif de Bab Ezzouar, Quartier d'affaires de Bab Ezzouar, Algeria Properties	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
Angola		
Production Services Network Angola Limitada	RuaKima Kienda, Edificio SGEP, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade,Bairro Miramar, Simbizanga, Luanda, Angola	41*
Argentina		
Foster Wheeler E&C Argentina S.A.	Paraguay 1866, Buenos Aires, Argentina	100
ISI Mustang (Argentina) S.A.	Pedro Molina 714, Provincia de Mendoza, Ciudad de Mendoza, Argentina	100
Wood Solar Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Wood Wind Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Australia		
Amec Foster Wheeler Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Aus-Ops Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Innofield Services Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
RIDER HUNT INTERNATIONAL (AUSTRALIA) PTY LTD	Level 3, 171 Collins Street, Melbourne, VIC 3000, Australia	100
SVT Holdings Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Architecture Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Pty Ltd	Level 3, 171 Collins Street,Melbourne, VIC, 3000, Australia	100
Wood Field Services Pty Ltd	Level 3, 171 Collins Street,Melbourne, VIC, 3000, Australia	100
Wood Group Australia PTY Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Azerbaijan		
AMEC Limited Liability Company	37 Khojali Street, Baku, AZ1025, Azerbaijan	100
Wood Group PSN Azerbaijan LLC	Khojali Avenue,Building 37, Khatal District, Baku, AZ1025, Azerbaijan	100
Bermuda		
Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, Hamilton HM CX, Bermuda	100
Brazil		
Amec Foster Wheeler America Latina, Ltda.	Rua Evaristo da Veiga No. 65, Salas 1101, 1201 e 1202 do Sector 1, Edificio Passeio Corporate, Centro, Rio de Janeiro, CEP 20.031-040, Brazil	100
Amec Foster Wheeler Brasil S.A.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Petroleo e Gas Ltda.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Projetos e Consultoria Ltda	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil	100
FW Industrial Power Brazil Ltda	Alameda Santos, 1293, Room 63, Cerqueira César, Sao Paulo, 01419-002, Brazil	100
Santos Barbosa Tecnica Comercio e Servicos Ltda.	Estrada Sao Jose do Mutum, 301 – Imboassica, Cidade de Macae, Rio de Janeiro, CEP 27973-030, Brazil	100
Wood Group Engineering and Production Facilities Brasil Ltda.	Rua Ministro Salgado Filho,119, Cavaleiros, Cidade de Macae,CEP 27920-210, Estado do Rio de Janeiro	100
Wood Group Kenny do Brasil Servicos de Engenharia Ltda.	Rua Sete de Setembro, 54 – 4 andares, Centro, Rio de Janeiro – RJ, CEP 20050-009, Brazil	100
Brunei Darussalam		
Amec Foster Wheeler (B) SDN BHD	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	100
Bulgaria		

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AMEC Minproc Bulgaria EOOD	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
Cameroon		
Amec Foster Wheeler Cameroun SARL	Cap Limboh, Limbe, BP1280, Cameroon	100
Canada		
2292127 Alberta Ltd.	1900, 520 – 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Amec Foster Wheeler Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 – 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Rider Hunt International (Alberta) Inc.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Canada Limited	1900, 520 – 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Asset Integrity Solutions, Inc.	1900, 520 – 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Canada, Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 – 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Solar Canada Ltd.	1900, 520 – 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Wind Canada Ltd.	1900, 520 – 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Cayman Islands		
FW Chile Holdings Ltd.	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111	100
Wood Group O&M International, Ltd.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Chile		
Amec Foster Wheeler Talcahuano, Operaciónes y Mantenciones Limitada	Camino A Ramuntcho 3230, Sector 4 Esquinas, Talcahuano, Chile	100
ISI Mustang Chile SpA	Calle Providencia 337, off. 7, Comuna de Providencia, Santiago, Chile	100
Wood Chile Limitada	Avenida Presidente Riesco 5335, piso 8, Las Condes, Chile	100
Wood Ingenieria y Consultoria Chile Limitada	Avenida Larrain 5862, Piso 11, La Reina, Santiago, 7870154, Chile	100
China		
Liaoning Province Pharmaceutical Planning and Designing Institution Co. Ltd.	3rd Floor, Gate 4, 153-10 Chuangxin Road, Hunnan District, Shenyang, Liaoning Province, China	100
Shenyang Dongyu Youan Pharmaceutical Technology Co. Ltd.	Gate 2, 8# Wulihe Street, Heping District, Shenyang, Liaoning Province, China	76
Colombia		
Wood Engineering & Consultancy Colombia S.A.S.	Carrera 11 A No. 96-51 5th floor, Bogota D.C., Colombia	100
Cyprus		
WGPS International Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Angola Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Equatorial Guinea Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Democratic Republic of Congo		
MDM Engineering SPRL	32 Avenue 3Z, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo	100
Egypt		
Foster Wheeler Petroleum Services S.A.E.	Al-Amerya General Free Zone, Alexandria, Egypt	100
Equatorial Guinea		
Baker Energy International Equatorial Guinea S.A.	Bioko, Island Region, Malabo	65
Hexagon Sociedad Anonima con Consejo de Administracion	c/o Solege, Calle Kenia S/N, Malabo, Equatorial Guinea	65
France		
Amec Foster Wheeler France S.A.	14, Place de la Coupole, Charenton-le-Pont, France, 94220	100
Wood Group Engineering Services (France) SAS	6Pl de la Madeleine, 75008, Paris, France	100
Wood Group France SAS	108 rue de Longchamp 75116 Paris	100
Gabon		
Production Services Network Gabon SARL	1.149, Republic Boulevard, CEDAM Building, 6th Floor, Bali – Douala, Douala, PO Box 3586, Cameroon	100
Germany		
Bauunternehmung Kittelberger GmbH i.L.	Liebigstr. 1-3, Kaiserslautern, 67661, Germany	100
KIG Immobilien Beteiligungsgesellschaft mbH	Hammstrasse 6, 04129 Leipzig, Germany	100
KIG Immobiliengesellschaft mbH & Co. KG	Hammstrasse 6, 04129 Leipzig, Germany	100
Wood E&IS GmbH	Zippelhaus 4, 20457 Hamburg, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	House Number 4, Momotse Avenue, Behind All Saints Anglican Church, Adabraka, PO Box GP 1632, Accra, Greater Accra, Ghana	100
Wood & BBS Ghana Ltd	No 4 Momotsa Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana	80

Wood Group Ghana Limited	20 Jones Nelson Road, Adabraka, Accra, Ghana	49*
Greece		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	15 Meandrou Street, Athens, 115 28, Greece	100
Guatemala		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	Ciudad Guatemala, Guatemala	100
Guernsey		
AMEC Operations Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Garlan Insurance Limited	PO Box 33, Maison Trinity, Trinity Square, St Peter Port, GY1 4AT, Guernsey	100
Wood Group Offshore Services Limited	PO Box 119 Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Guernsey	100
Wood USA Holdings Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Hong Kong		
AMEC Asia Pacific Limited	3806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	99
SgurrEnergy Hong Kong Limited	26/F Beautiful Group Tower, 77 Connaught Road Central, Hong Kong	100
India		
Ingenious Process Solutions Private Limited	307, Atlanta Estate, 3rd Floor, Hanuman Tekdil Road Vitbhatti, Off. W.E. Highway, Goregaon (East) Mumbai MH 400063	100
Mustang Engineering India Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood India Engineering & Projects Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood Group Kenny India Private Limited	15th Floor Tower-B, Building No. 5, DLF Cyber City,HR, Phase III Gurgaon, 122002, India	100
Wood Group PSN India Private Limited	5th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai, 600113, India	100
Indonesia		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia	55
PT Australian Skills Training	Green Town Warehouse No. 2, Bengkong-Batam-Indonesia, Indonesia	95
PT Foster Wheeler O&G Indonesia	Perkantoran Pulo mas Blok VII No.2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia	90
PT Harding Lawson Indonesia	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Simons International Indonesia	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
PT Wood Group Indonesia	Gedung Perkantoran Prudential Centre, Kota Kasablanka, Lantai 22, Unit A, J1, Cassablanca Kav, 88 Kel. Menteng Dalam, Kec.Tebet, Kota Adm, Jarkarta Selantan, DKI Jarkarta, Malaysia	90
Iran		
Foster Wheeler Adibi Engineering	9th Floor Aluminumm Building, Avenue Shah, Tehran	45
Wood Group Iran – Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park,Qeshm Island, Annaba, Iran	97
Iraq		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106,St 19, Sec 213, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Wood Group, LLC	Shoresh, Hadid and Khashab St., Kurdistan, Erbil, Iraq	100
Ireland		
Wood Group Kenny Ireland Limited	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100
Italy		
Concetto Green S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Concettorinnovabile s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
ForEarth S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Geo Rinnovabile S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Green2dream s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Green2grid S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream1 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream2 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
HWF S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Hybrid Energy S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Newagro s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Oro Rinnovabile s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Orosolare s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4green s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100

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Res4planet S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4power s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Resergy S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Transizione s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Transizioneverde s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Tre Rinnovabili S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Versogreen s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
Wood Solare Italia S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Jamaica		
Monenco Jamaica Limited	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Jersey		
GTS Power Solutions Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
RHI Talent UK Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Engineering Services (Middle East) Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Production Facilities Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Kazakhstan		
AMEC Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Foster Wheeler Kazakhstan LLP	app. 27, h. 64, Bostandykskiy district, Abaya Ave., Almaty City, Kazakhstan	100
QED International (Kazakhstan) Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Wood Group Kazakhstan LLP	Satpayev str. 46, Atyrau, 060011, Kazakhstan	100
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City	49*
Liberia		
Amec Foster Wheeler Liberia Inc	King Plaza, 2nd-4th Floors, Broad Street, Monrovia 10, Liberia	100
Luxembourg		
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
Malaysia		
Amec Foster Wheeler OPE Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
BMA Engineering SDN. BHD.	Unit C-12-4, Level 12, Block C, Megan Avenue II, Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50450, Malaysia	100
Foster Wheeler (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Foster Wheeler E&C (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	70
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group Kenny Sdn Bhd	c/o Securities Services (Holdings) Sdn Bhd, level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Kuala Lumpur, Damansara Town Centre, Damansa, 50490, Malaysia	25*
Wood Group Mustang (M) Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Mauritius		
MDM Engineering Investments Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
MDM Engineering Projects Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
P.E. Consultants, Inc.	c/o First Island Trust Company Ltd, Suite 308, St. James Court, St. Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, 72201, Mauritius	100
Mexico		
AGRA Ambiental S.A. de C.V.	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico	100
Amec Foster Wheeler Mexico, S.A. de C.V.	David Alfaro Siqueiros No.104, Piso 2, Colonia Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, C.P. 66269, Mexico	100
CEC Controls Automatizacion S. de R.L. de C.V.	Libramiento Carr. Silao-León #201, Esq. Prolongación Bailleres, Col. Progreso Silao, Guanajuato, CP. 36135, Mexico	100
Foster Wheeler Constructors de Mexico S. de R.L. de C.V.	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	80
Global Mining Projects and Engineering, S.A. de C.V.	Calle Coronado 124, Zona Centro, Chihuahau, Chihuahau, 31000, Mexico	100

Harding Lawson de Mexico S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	100
ISI Mustang Servicios de Ingenieria de Mexico, S de R.L. De C.V.	HOMERO 1804 PISO 11,COL. LOS MORALES – DELEGACION MIGUEL HIDALGO, Distrito Federal, Mexico City, C.P. 11540, Mexico	100
Wood Group de Mexico S.A. de C.V.	Insurgentes Sur #619 piso 10, Colonia Napoles, Municipio Benito Juarez, between Calle Vermont and Calle Yosemite, Mexico City, 03810, Mexico	100
Wood Group Management Services de Mexico, S.A. de C.V.	Blvd. Manuel Avila Camacho 40 – 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Mongolia		
AMEC LLC	Mongol TV Tower-1005, Chinggis Avenue, Sukhbaatar District, 1st khoroo, Ulaanbaatar, Mongolia	100
Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, nº 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
Netherlands		
AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
AMEC Investments B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
Foster Wheeler Continental B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
Foster Wheeler Europe B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
John Wood Group B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
John Wood Group Holdings BV	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
New Zealand		
M&O Pacific Limited	26 Manadon Street, Spotswood, New Plymouth, 4310, New Zealand	100
Nigeria		
AMEC Contractors (W/A) Limited	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria	100
AMEC King Wilkinson (Nigeria) Limited	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria	100
AMEC Offshore (Nigeria) Limited	18th Floor, Western House, 8/10 Broad street, Lagos, Nigeria	75
Foster Wheeler (Nigeria) Limited	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria	100
Foster Wheeler Environmental Company Nigeria Limited	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria	87
JWG Nigeria Limited	13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	100
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Oman		
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
Papua New Guinea		
Wood Engineering PNG Ltd	Deloitte Touche Tohmatsu, Level 9, Deloitte Haus, Macgregor Street, Section 8, Allotment 19, Port Moresby, National Capital District, Papua New Guinea	100
Wood Group PNG Limited	Dentons PNG, Level 5, Bsp Haus, Harbour City, Port Moreseby,Papau New Guinea, National Capital District, Papua New Guinea	100
Peru		
Wood Group Peru S.A.C.	Av. de la Floresta 407, 5th Floor, San Borja, Lima, Peru	100
Philippines		
Foster Wheeler (Philippines) Corporation	U-7A, 7/F PDCP Bank Centre,V.A. Rufino St. Corner L.P. Leviste St., Salcedo Village, Makati City, PH, 1227	100
Production Services Network Holdings Corp.	585 ME National Road HW, Barangay Alangilan, Batangas City, Batangas, Philippines	100
PSN Production Services Network Philippines Corp	12th Floor, Net One Center,26th Street Corner, 3rd Avenue, Crescent Park West,Taguig, Metro Manilla, Bonifacio Global City, 1634, Philippines	100
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
Portugal		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100
Qatar		
Production Services Network Qatar LLC	PO Box 2515, Doha, Qatar	49*
Romania		
AMEC Operations S.R.L	Rooms 1 and 2, 2nd Floor, No. 59 Strada Grigore Alexandrescu, Sector 1, Bucharest 010623, Romania	100

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Russia		
OOO Amec Foster Wheeler	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	50*
Production Services Network Sakhalin LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	50*
Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Majd Business Center, Tower B, P.O. Box 30920, King Faisal Road, Al-Khobar, 31952, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Almalaz, Salahuddin Alayoubi Street, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	King Fahad Road, Rakah, Po Box 8145, Al-Khobar, 34225, Saudi Arabia	100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar	51
Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	One Marina Boulevard #28-00, Singapore, 018989, Singapore	100
AMEC Global Resources Pte Limited	991E Alexandra Road, #01 – 25, 119973, Singapore	100
Foster Wheeler Eastern Private Limited	1 Marina Boulevard, #28-00, Singapore 018989	100
OPE O&G Asia Pacific Pte. Ltd.	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	100
Rider Hunt International (Singapore) Pte Limited	24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621	100
Simons Pacific Services Pte Ltd.	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore, 018981, Singapore	100
Wood Group International Services Pte. Ltd.	991E Alexandra Road, #01 – 25, 119973, Singapore	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	c/o, Kinstellar s.r.o., Hviezdoslavovo nám 13, Bratislava, 811 02, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	100
AMEC Minproc (Proprietary) Limited	2 Eglin Road, Sunninghill, 2157, South Africa	100
Mossel Bay Energy IPP (proprietary) Limited (RF)	2nd Road Halfway House, Midrand, South Africa	90
Rider Hunt International South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, No. 10 Muswell Road South, Bryanston, South Africa	83
Wood BEE Holdings (Proprietary) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	58
Wood Mining South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, 10 Muswell Road South, Bryanston, Gauteng, 2021, South Africa	100
Wood South Africa (PTY) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	70
South Korea		
AMEC Korea Limited	KG Tower 5F, 92 Tongil-ro, Jung-gu, Seoul 04517, Korea	100
Spain		
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, Las Rozas, 28232 Las Rozas, Madrid, Spain	100
Wood Iberia S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid – Las Rozas, 28230 Las Rozas, Madrid, Spain	100
Switzerland		
A-FW International Investments GmbH	c/o Intertrust Services (Schweiz) AG, Zählerweg 6, Zug, 6300, Switzerland	100
Wood Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 483, Garden Road, Mikocheni Ward, Kinondoni District, Dar es Salaam, 14112, Tanzania, the United Republic of	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungsukla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
SIE Siam Limited	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Simons International Engineering Ltd.	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand	100
Trinidad and Tobago		
Wood Group Trinidad & Tobago Limited	18 Scott Bushe Street, Port of Spain, Trinidad and Tobago	100
Turkey		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	Kucukbakkalkoy Mah, Çardak Sok, No.1A Plaza, 34750 Atasehir, Istanbul, Turkey	100
Uganda		
Wood Group PSN Uganda Limited	KAA House, Plot 41,Nakasero Road, PO Box 9566, Kampala, Uganda	100

Ukraine		
Wood Ukraine LLC	Room 398, Building 26, Obolonskyi Avenue, Kyiv City, 04205, Ukraine	100
United Arab Emirates		
Production Services Network Emirates LLC	Unit 1301-CI Tower, Level 13, Al Bateen Street, Khalidiya, Abu Dhabi, PO Box 105828	49*
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 9275, Dubai, United Arab Emirates	100
United Kingdom		
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (F.C.G.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MH1992) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MHL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (WSL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC BKW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Bravo Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Building Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Capital Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Civil Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler (Holdings) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Earth and Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Asia Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Investments Europe Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Offshore Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Process and Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Project Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Trustees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Wind Developments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Foster Wheeler (G.B.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (London) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (Process Plants) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler E&C Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Europe	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler UK Investments Limited	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
GoTechnology Services 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
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

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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
Rider Hunt International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sandiway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
The Automated Technology Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
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	100
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 Finance 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 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 Pensions Trustee Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Transmission and Distribution Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
United States		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AMEC Construction Management, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Arabia Ltd.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Environmental Equipment Company, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Industrial Power Company, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Martinez, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler North America Corp.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Power Systems, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler USA Corporation	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
AMEC Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC North Carolina, Inc.	225, Hillsborough Street, Raleigh, NC, 27603, United States	100
AMEC Oil & Gas World Services, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Barsotti's Inc.	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000	100
BMA Solutions Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
C E C Controls Company, Inc.	United Agent Group Inc., 28175 Haggerty RoadD, Novi, MI, 48377, United States	100
Cape Software, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100

Ceres Solar 1, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100
Energy Transition Ventures 1 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 2 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 3 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 4 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 5 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Wood Contract Services LLC	17325 Park Row, Suite 500, Houston, TX, 77084, United States	100
Foster Wheeler Energy Corporation	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Environmental Corporation	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Intercontinental Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler International LLC	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Foster Wheeler LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Realty Services, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Ingenious Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
ISI Group, L.L.C.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
JWGUSA Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Martinez Cogen Limited Partnership	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	99
Mustang International, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Process Consultants, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
RHI Talent USA Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Rider Hunt International (USA) Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Swaggart Brothers, Inc.	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Contracting Services LLC	3411 Silverside Road Tatnal Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Wood Group Alaska, LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	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 USA, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100

Notes to the financial statements continued

Wood Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	100
Uzbekistan		
Wood Energy Solutions LLC	Sulton Darvoza Business Center, 38/1 Shakhrisabz Street, Tashkent, 100060, Uzbekistan	100
Vanuatu		
O.T.S. Finance and Management Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Overseas Technical Service International Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Venezuela		
Amec Foster Wheeler Venezuela, C.A.	Avenida Francisco de Miranda, Torre Cavendes, Piso 9, Ofic 903, Caracas, Venezuela	100

*Companies consolidated for accounting purposes as subsidiaries on the basis of control. There is no material impact on the financial statements of the judgements applied in assessing the basis of control for these entities.

** The Group does not have a direct shareholding in these entities but considers them to be under group control.

Joint Ventures

Company Name	Registered Address	Ownership Interest %
Australia		
Clough AMEC Pty Ltd1	Level 6, QV1 Building, 250 St Georges Terrace, Perth, WA, 6000, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue,Baku, Azerbaijan	35
Brunei Darussalam		
TendrillWood Sdn Bhd	Lot 29 & 30, Tapak Perindustrian Sungai Bera, Kampong Sungai Bera, Seria, Belait, KB1933, Brunei Darussalam	75
Canada		
ABV Consultants Ltd1	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited1	60 Cutler Avenue, Dartmouth, NS, B3B 0J6, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S. E., Calgary, AB, T2H 2L8, Canada	50
Chile		
Consorcio AMEC CADE/PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago de Chile	50
Consorcio Consultor Systra/Cade Idepe/Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingenieria Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingenieria Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Construcciòn e Ingenierìa Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 – Comuna Las Condens, Santiago, Chile	50
China		
Wood Zone Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
Cyprus		
Wood Group – CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	50
Kazakhstan		
WOOD KSS JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Mexico		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingenieria Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50
Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
Malaysia		
ICE Wood Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	49
Netherlands		
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Wood Beca Limited	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
Oman		
AMEC Al Turki LLC	c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman	35
Qatar		
Wood Black Cat LLC	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar	49
Saudi Arabia		
AMEC BKW Arabia Limited1	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia	50
Spain		
Insolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
Trinidad and Tobago		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50

United Kingdom		
ACM Health Solutions Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England, United Kingdom	33
Ethos Energy Group Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	51
Lewis Wind Power Holdings Limited	C/O Edf Renewables Atria One, 144 Morrison Street, Edinburgh, EH3 8EX	50
RWG (Repair & Overhauls) Limited	15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland, United Kingdom	50
South Kensington Developments Limited	Ground Floor T3 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom	50
Stornoway Wind Farm Limited	C/O Edf Renewables Atria One, 144 Morrison Street, Edinburgh, EH3 8EX	50
United States		
Flour AMEC II, LLC	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, United States	45

[1] Entities are consolidated as joint operations on the basis of control.

In addition to the subsidiaries listed above, the Group has a number of overseas branches.

Details of the direct subsidiaries of John Wood Group PLC are provided in note 1 to the parent company financial statements.

The Group will be exempting the following companies from an audit in 2022 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated in the Group Financial Statements.

AFW Finance 2 Limited (Registered number 09861575)

AME Building Limited (Registered number 165287)

AMEC (F.C.G) Limited (Registered number 148585)

AMEC (MH1992) Limited (Registered number 222870)

AMEC (MHL) Limited (Registered number 713103)

AMEC (WSL) Limited Registered number 514311)

AMEC BKW Limited (Registered number 169831)

AMEC Bravo Limited (Registered number 6206015)

AMEC Capital Projects Limited (Registered number 2804109)

AMEC Civil Engineering Limited (Registered number 1265199)

Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)

Amec Foster Wheeler Earth and Environmental (UK) Limited (Registered number 4987981)

Amec Foster Wheeler Energy Limited (Registered number 1361134)

Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)

Amec Foster Wheeler Finance Limited (Registered number 1332332)

Amec Foster Wheeler Group Limited (Registered number 4612748)

Amec Foster Wheeler International Limited (Registered number 3203966)

AMEC Investments Europe Limited (Registered number 3704533)

AMEC Offshore Limited (Registered number 1054207)

AMEC Process and Energy Limited Registered number 2028340)

AMEC Project Investments Limited (Registered number 2619408)

AMEC Services Limited (Registered number 2804093)

AMEC Trustees Limited (Registered number 2830098)

Amec USA Holdings Limited (Registered number 4041261)

Amec Wind Developments Limited (Registered number 8781332)

Automated Technology Group Holdings Limited (Registered number 07871655)

East Mediterranean Energy Services Limited (Registered number SC505318)

Foster Wheeler (G.B.) Limited (Registered number 745470)

Foster Wheeler (London) Limited (Registered number 887857)

Foster Wheeler (Process Plants) Limited (Registered number 1184855)

Foster Wheeler E&C Limited (Registered number 2247293)

Foster Wheeler Environmental (UK) Limited (Registered number 1657494)

Foster Wheeler Europe (Registered number 04127813)

Foster Wheeler UK Investments Limited Registered number SC649888)

Foster Wheeler World Services Limited (Registered number 1439353)

FW Investments Limited (Registered number 6933416)

HFA Limited (Registered number SC129298)

Integrated Maintenance Services Limited (Registered number 3665766)

James Scott Limited (Registered number SC35281)

John Wood Group Holdings Limited (Registered number SC642609)

JWG Investments Limited (Registered number SC484872)

JWGUSA Holdings Limited (Registered number SC178512)

Kelwat Investments Limited (Registered number SC203212)

Metal and Pipeline Endurance Limited (Registered number 534109)

Mustang Engineering Limited (Registered number SC273548)

Press Construction Limited (Registered number 471400)

Process Plants Suppliers Limited (Registered number 957881)

Production Services Network (UK) Limited (Registered number SC293004)

Production Services Network Bangladesh Limited (Registered number 02214332)

PSJ Fabrications Ltd (Registered number 01205595)

PSN (Angola) Limited (Register number SC311500)

PSN (Philippines) Limited (Registered number SC345547)

PSN Asia Limited (Registered number SC317111)

PSN Overseas Limited (Registered number SC319469)

QED International (UK) Limited (Registered number SC106477)

GoTechnology Services Limited (Registered number 12522586)

Rider Hunt International Limited (Register number 02305615)

Sandiway Solutions (No 3) Limited (Registered number 5318249)

SgurrEnergy Limited (Registered number SC245814)

The Automated Technology Group Limited (Registered number 03109235)

WGPSN (Holdings) Limited (Registered number SC288570)

WGPSN Eurasia Limited (Registered number SC470501)

Wood (Indonesia) Limited (Registered number SC693591)

Wood and Company Limited (Registered number 01580678)

Wood Group Algeria Limited (Registered number SC299843)

Wood Group Algiers Limited (Registered number SC299845)

Wood Group Annaba Limited (Registered number SC299848)

Wood Group Arzew Limited (Registered number SC299850)

Wood Group Engineering (North Sea) Limited (Registered number SC030715)

Wood Group Engineering and Operations Support Limited (Registered number SC159149)

Wood Group Hassi Messaoud Limited (Registered number SC299851)

Wood Group Holdings (International) Limited Register number SC169712)

Wood Group Investments Limited (Registered number SC301983)

Wood Group Kenny Corporate Limited (Registered number SC147353)

Wood Group Kenny Limited (Registered number 1398385)

Wood Group Kenny UK Limited (Registered number 2331383)

Wood Group Power Investments Limited (Registered number SC454342)

Wood Group Production Services UK Limited (Registered number SC278252)

Wood Group/OTS Limited (Registered number 1579234)

Wood International Limited (Registered number 10517856)

Wood Limited (Registered number 9861563)

Wood Finance UK Limited (Registered number 03725076)

Wood Pensions Trustee Limited (Registered number 1889899)

Wood Transmission and Distribution Limited (Registered number 11829648)

Wood UK Limited (Registered number 3863449)

Company financial statements

Company financial statements

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Company balance sheet

As at 31 December 2022

	Note	2022 $m	2021 $m
Non-current assets			
Investments	1	**3,873.6**	4,370.4
Long term receivables	2	**2,565.2**	2,573.3
		6,438.8	6,943.7
Current assets			
Trade and other receivables	3	**1,189.3**	1,424.9
Income tax receivable		**5.7**	9.1
Cash and cash equivalents	4	**24.8**	1.0
		1,219.8	1,435.0
Current liabilities			
Borrowings	5	**234.9**	230.3
Trade and other payables	6	**3,646.8**	1,904.8
		3,881.7	2,135.1
Net current liabilities		**(2,661.9)**	(700.1)
Non-current liabilities			
Borrowings	5	**584.0**	1,514.1
Other non-current liabilities	7	**131.7**	1,128.7
		715.7	2,642.8
Net assets		**3,061.2**	3,600.8
Equity			
Share capital	9	**41.3**	41.3
Share premium	10	**63.9**	63.9
Retained earnings	11	**(123.0)**	416.6
Merger reserve	12	**2,540.8**	2,540.8
Other reserves	13	**538.2**	538.2
Total equity		**3,061.2**	3,600.8

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 $572.2m (2021: $16.0m).

The financial statements on pages 248 to 256 were approved by the board of directors on 27 March 2023, and signed on its behalf by:

Ken Gilmartin, Director David Kemp, Director

Company Registration Number: SC036219

Statement of changes in equity

For the year ended 31 December 2022

	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Total equity $m
At 1 January 2021	41.1	63.9	408.4	2,540.8	538.2	3,592.4
Loss for the year	–	–	(16.0)	–	–	(16.0)
Total comprehensive loss for the year	**–**	**–**	**(16.0)**	**–**	**–**	**(16.0)**
Transactions with owners:						
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
At 31 December 2021	**41.3**	**63.9**	**416.6**	**2,540.8**	**538.2**	**3,600.8**
Loss for the year	–	–	(572.2)	–	–	(572.2)
Total comprehensive loss for the year	**–**	**–**	**(572.2)**	**–**	**–**	**(572.2)**
Transactions with owners:						
Credit relating to share based charges	–	–	20.7	–	–	20.7
Purchase of company shares by employee share trust for the share incentive plan (SIP)	–	–	1.7	–	–	1.7
Foreign exchange movements on employee share trusts	–	–	10.2	–	–	10.2
At 31 December 2022	**41.3**	**63.9**	**(123.0)**	**2,540.8**	**538.2**	**3,061.2**

Notes to the Company financial statements

For the year ended 31 December 2022

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 UK-adopted international accounting standards ("UK-adopted IFRS") in conformity with the requirements of the Companies Act 2006 but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no disclosure of related party transactions with wholly owned subsidiaries;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than the directors; and
- no disclosures relating to the Company's policy on capital management;
- no detailed disclosure in relation to share based payments.

Where required, equivalent disclosures are given in the consolidated financial statements of John Wood Group PLC.

The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m except where otherwise indicated.

The financial position of the Company is shown in the balance sheet on page 248. Note 8 includes the Company's objectives, policies and processes for managing its financial risks, details of its financial instruments and hedging activities, and its exposures to interest rate risk and liquidity risk. The Company adopts the going concern basis of accounting in preparing these financial statements.

In accordance with Section 408(3) of the Companies Act (2006), the Company is exempt from the requirement to present its own income statement. The amount of the profit for the year is disclosed in the statement of changes in equity.

Going concern

At 31 December 2022, the Company had net current liabilities of $2,661.9m. The Company has control over the timing of repayment of current liabilities due to Group undertakings amounting to $3,560.4m. 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:

	2022	2021
Average rate £1=$	**1.2324**	1.3757
Closing rate £1=$	**1.2029**	1.3545

Investments in subsidiaries

Investments are measured initially at cost, including transaction costs. Investments in the Company balance sheet are presented at cost less any provision for impairment.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the income statement.

The Company recognises loss allowances for Expected Credit Losses ('ECLs') on loans and receivables measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet dates or at a contractual rate, if applicable, and any exchange differences are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The directors consider it appropriate to record sterling denominated equity share capital and share premium in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Financial instruments

The accounting policy for financial instruments is consistent with the Group accounting policy as presented in the notes to the Group financial statements. The Company's financial risk management policy is consistent with the Group's financial risk management policy outlined in note 20 to the Group financial statements.

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 23 to the Group financial statements. Details relating to the calculation of share based charges are provided in note 23 to the Group financial statements. In respect of the Company, the charge is shown as an increase in the Company's investments, as the employees to which the charge relates are employed by subsidiary companies.

Dividends

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Dividend income is credited to the income statement when the dividend has been approved by the board of directors of the subsidiary company making the payment.

Trade receivables

Trade receivables are recognised initially at fair value less an allowance for any amounts estimated to be uncollectable. An estimate for doubtful debts is made when there is objective evidence that the collection of the debt is no longer probable.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowing costs are expensed through the income statement.

De-recognition of financial assets and liabilities

A financial asset is derecognised where the rights to receive cash flows from the asset have expired. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Taxation

The tax expense in the income statement represents the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the year and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the income statement.

Judgements and key sources of estimation or uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments and receivables from Group companies (estimate)

The Company assesses whether there are any indicators of impairment of investments or receivables from Group companies at each reporting date. Investments and receivables from Group companies are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Details of impairments of investments recorded during the year and the carrying value of investments are contained in note 1.

Notes to the Company financial statements continued

1 Investments

	2022 $m	2021 $m
Cost		
At 1 January	**4,370.4**	4,348.3
Additions	**20.7**	22.1
At 31 December	**4,391.1**	4,370.4
Impairment		
At 1 January	**–**	–
Charge for the year	**517.5**	–
At 31 December	**517.5**	–
Net book value		
At 31 December	**3,873.6**	4,370.4

During the year, the Company contributed $20.7m of share based charges against John Wood Group Holdings Ltd.

The Directors performed an assessment of the carrying value of the investment in John Wood Group Holdings Limited as at 31 December 2022. A value in use calculation was performed for the Group using cash flow projections prepared by management and approved by the Board for the period 2023 through to 2027. The assumptions underpinning the forecasts and impairment model are discussed in note 10 of the Group financial statements.

The Group post-tax discount rate was 9.7% (pre-tax 11.5%) and a terminal growth rate of 2.4% was applied to the forecast consolidated cash flows of the Group. The recoverable amount of the Group at the test date was $4,373m based on the assumptions described above and note 10 of the Group financial statements. An adjustment of $511.4m was made to the recoverable amount reflecting debt and debt like items resulting in an impairment of $517.5m. The post-tax discount rate would need to be 0.9% lower to reduce the impairment charge to $nil.

A 1.5% increase in the post-discount rate would increase the impairment charge to $1,295m and a 1% reduction in the long term growth rate would increase the impairment charge to $973m.

The Company's direct subsidiaries at 31 December 2022 are listed below. Ownership interests reflect holdings of ordinary shares.

Details of other related undertakings are provided in note 38 to the Group financial statements.

Name of subsidiary	Country of incorporation or registration	Registered address
John Wood Group Holdings Limited	UK	15 Justice Mill Lane, Aberdeen

The Company owns 100% of all of the subsidiaries listed above.

2 Long term receivables

	2022 $m	2021 $m
Loans to Group undertakings	**2,565.2**	2,573.3

The long-term loan receivable at 31 December 2022 includes the promissory note of $2,565.2m (2021: $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. The loan is due to be paid by November 2024.

3 Trade and other receivables

	2022 $m	2021 $m
Loans to Group undertakings	**985.2**	1,367.3
Trade receivables – Group undertakings	**191.8**	52.2
Other receivables	**6.3**	3.9
Prepayments and accrued income	**6.0**	1.5
	1,189.3	1,424.9

Interest on loans to Group undertakings is charged at market rates. At 31 December 2022, $45.7m (2021: $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:

	2022 $m	2021 $m
Over 3 months	**45.7**	45.7

The movement on the provision for impairment is as follows:

	2022 $m	2021 $m
At 1 January	**45.7**	45.7
Provided during the year	**–**	–
At 31 December	**45.7**	45.7

The Company had $84.2m (2021: $nil) of outstanding balances that were past due but not impaired at either 31 December 2022 or 31 December 2021. The other classes within receivables do not contain impaired assets.

The ageing of these amounts is as follows:

	2022 $m	2021 $m
Under 3 months	**11.3**	–
Over 3 months	**72.9**	–
	84.2	–

4 Cash and cash equivalents

	2022 $m	2021 $m
Cash and cash equivalents	**24.8**	1.0

Notes to the Company financial statements continued

5 Borrowings

	2022 $m	2021 $m
Borrowings repayable on demand		
Bank overdrafts	**234.9**	195.3
Senior loan notes	**–**	35.0
	234.9	230.3
Non-current borrowings		
Bank loans	**232.0**	745.8
Senior loan notes	**352.0**	768.3
	584.0	1,514.1

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2022 interest on US dollar overdrafts was payable at 5.48% (2021: 1.45%) and on sterling overdrafts at 4.63% (2021: 1.40%).

Bank loans are unsecured and bear interest based on the Bank of England base rate or foreign currency equivalent. At 31 December 2022, bank loans included $200.0m of US dollar loans and $42.1m of GBP loans. Interest was payable at 6.4% (2021: 1.8%) on the US dollar loans and 6.42% (2021: n/a) on the GBP loans. Bank loans are stated net of unamortised fees totalling $10.0m (2021: $19.1m) and accrued interest of $12.2m.

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. Following the disposal of the built environment business, the Company repaid $400.m of these term loans in 2022.

The Company has $352.0m (2021: $803.3m) of unsecured senior notes in the US private placement market maturing between 2024 and 2031 at an average fixed rate of 5.95% (2021: 4.21%). These notes are largely US dollar denominated. $127.8m (2021: $318.0m) of the notes are repayable after more than 5 years.

6 Trade and other payables

	2022 $m	2021 $m
Loans from Group undertakings	**3,560.4**	1,884.5
Trade payables – Group undertakings	**61.9**	–
Other creditors	**6.3**	3.7
Accruals	**18.2**	16.6
	3,646.8	1,904.8

Interest on loans from Group undertakings is payable at market rates.

Loans from Group undertakings reflect amounts which are repayable on demand or are due within the next 12 months. The increase in the current year is due to loans that were previously due over 12 months now falling due within 12 months.

Included within loans from Group undertakings certain amounts are not expected to be settled in the next 12 months given the company has control over the timing and repayment of current liabilities. The loan with WGPSN (Holdings) Limited amounts to $879.9m. The comparative amount of $879.9m was included in non-current liabilities.

7 Other non-current liabilities

	2022 $m	2021 $m
Amounts due to Group undertakings	**131.7**	1,128.7

The amounts due to Group undertakings are inter-company loans with varying maturities greater than 1 year. Interest on these loans is charged at market rates.

8 Financial instruments

Financial risk factors

The Company's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Company's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies which are approved by the Board of Directors. Group Treasury identify, evaluate and where appropriate, hedge financial risks. The Group Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess cash.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. Where possible the Company's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are recorded in the income statement.

(ii) Interest rate risk

The Company finances its operations through a mixture of retained profits and debt. The Company borrows in the desired currencies at a mixture of fixed and floating rates of interest to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. At 31 December 2022, 52.6% (2021: 42%) of the Company's borrowings were at fixed rates.

The Company is also exposed to interest rate risk on cash held on deposit. The Company's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of at least BBB+.

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company receivables. Management believe that no further risk provision is required in excess of the current provision for impairment.

The Company also has credit risk in relation to cash balances or cash held on deposit. The Company's policy is to deposit cash at institutions with a credit rating of at least BBB+.

(c) Liquidity risk

With regard to liquidity, the Company's policy is to ensure continuity of funding. At 31 December 2022, 73% (2021: 87%) of the Company's borrowings (including bank overdrafts) were due to mature in more than one year. Based on the current outlook the Company has sufficient funding in place to meet its future obligations.

(d) Capital risk

The Company's capital risk is determined by that of the Group. See note 20 to the Group financial statements.

9 Share capital

	2022 $m	2021 $m
Issued and fully paid		
691,839,369 (2021: 691,839,369) ordinary shares of 4²⁄₇ p each	**41.3**	41.3

The additional information required in relation to share capital is given in note 24 to the Group financial statements.

10 Share premium

	2022 $m	2021 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at par value, 4²⁄₇ pence (2021: 4²⁄₇ pence) and consequently there was no credit to the share premium account.

Notes to the Company financial statements continued

11 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 8,442,031 (2021: 14,358,014) of the Company's ordinary shares totalling $99.4m (2021: $111.9m).

The Company's loss for the financial year was $572.2m (2021: $16.0m).

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 $73,500 (2021: $63,700). Details of dividends paid and proposed are provided in note 8 to the Group financial statements. Further details of share based charges are provided in note 23 to the Group financial statements.

12 Merger reserve

	2022 $m	2021 $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 02/17BL Guidance on realised and distributable profits under the Companies Act 2006.

In November 2019, the Company sold its investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

13 Other reserves

	Capital reduction reserve $m	**Capital redemption reserve $m**	**Hedging reserve $m**	**Total $m**
At 1 January 2021, 31 December 2021 and 31 December 2022	**88.1**	**439.7**	**10.4**	**538.2**

No movements in other reserves have occurred during 2021 or 2022.

The capital reduction reserve was created following the Initial Public Offering in 2002 and is a distributable reserve. The capital redemption reserve was created in 2011 as part of a return of cash to shareholders and is not a distributable reserve.

14 Financial 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.

None (2021: $100.0m) of the Group's bank borrowings drawn down by an indirect subsidiary undertaking are guaranteed by the Company.

At 31 December 2022, the Company had contingent liabilities in respect of outstanding guarantees for performance bonds and contracting arrangements given on behalf of its subsidiaries amounting to $658.0m (2021: $733.1m).

Five year summary (unaudited)

	2022 $m	2021 (*restated) $m	2020 $m	2019 $m	2018 $m
Revenue	**5,442.2**	**5,237.7**	**7,564.3**	**9,890.4**	**10,014.4**
Adjusted EBITDA	**385.1**	**404.3**	**630.4**	**855.4**	**693.8**
Depreciation (including joint ventures)	(119.8)	(121.0)	(180.0)	(182.0)	(63.9)
Amortisation (including joint ventures)	(153.4)	(169.1)	(227.7)	(243.7)	(248.8)
Non-recurring items (including joint ventures)	(665.9)	(161.0)	(247.3)	(107.6)	(191.3)
Net finance expense (including joint ventures)	(130.6)	(113.5)	(119.2)	(160.6)	(119.9)
(Loss)/profit before taxation (including joint ventures)	**(684.6)**	**(160.3)**	**(143.8)**	**161.5**	**69.9**
Taxation (including joint ventures)	(20.8)	(53.2)	(84.3)	(88.7)	(77.5)
(Loss)/profit for the year	**(705.4)**	**(213.5)**	**(228.1)**	**72.8**	**(7.6)**
Equity attributable to owners of the parent	**3,728.0**	**4,082.0**	**4,170.0**	**4,418.8**	**4,590.8**
Net debt excluding leases	**393.2**	**1,393.0**	**1,014.3**	**1,424.0**	**1,513.2**
Net debt/adjusted EBITDA	**1.3**	**3.3**	**2.1**	**2.0**	**2.2**
Gearing ratio	**10.5%**	**34.1%**	**24.3%**	**32.1%**	**33.0%**
Interest cover	**4.1**	**4.5**	**5.5**	**5.6**	**6.2**
Diluted earnings per share (cents)	**(52.4)**	**(20.6)**	**(34.1)**	**10.5**	**(1.3)**
Adjusted diluted earnings per share (cents)	**5.7**	**17.5**	**23.2**	**46.0**	**46.6**
Dividend per share (cents)	**–**	**–**	**–**	**35.3**	**35.0**
Dividend cover	**–**	**–**	**–**	**1.3**	**1.3**

* The comparative information has been restated due to a discontinued operation outlined in note 7 of the financial statements.

Figures leading to the loss for the 2022 and 2021 periods include continuing operations only

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Financial calendar

Results announced	28 March 2023
Annual General Meeting	11 May 2023

The Group's Investor Relations website can be accessed at:

woodplc.com/investors

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