FINAL NOTICE

To: John Wood Group PLC

Address: Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, Scotland, AB12 3LE

Date: 3 March 2026

1. PROPOSED ACTION

1.1 For the reasons given in this Warning Notice, the Authority hereby imposes on John Wood Group PLC ("Wood Group") a financial penalty of £12,993,700 pursuant to section 91 of the Financial Services and Markets Act 2000 (the "Act").

1.2 Specifically, between 1 January 2023 and 7 November 2024 (the "Relevant Period"), Wood Group contravened:

a) Listing Rule 1.3.3R (a listed company must take reasonable care to ensure that misleading information is not published); and

b) Listing Principle 1 (a listed company must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations).

1.3 Wood Group agreed to resolve this matter and qualified for a 30% (stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £18,562,500 on Wood Group.

2. SUMMARY OF REASONS

2.1 During the Relevant Period, and increasingly from July 2023 onwards, Wood Group operated a poor financial culture. This resulted in poor practices around accounting judgements in the Projects Business Unit (specifically MMLS) and Group Finance. Wood Group's control framework was insufficiently robust to ensure that, where accounting judgements needed to be made in relation to its projects, they were made appropriately and in compliance with applicable accounting standards. This resulted in inappropriate accounting judgements being made concerning Wood Group's LSTK EPC projects within its Projects Business Unit for the FY22, FY23 and HY24, as well as a lack of transparency with its auditors and AREC.

2.2 These matters meant that, when preparing its FY22 results, FY23 results and HY24 results, Wood Group:

1) failed to account properly for certain costs on Project A, which should have been accounted for in its FY22 results and FY23 results, and which led to a cumulative overstatement of reported operating profit of $26 million across both financial years;

2) recognised unrealistic costs savings estimates and under-estimated future costs to complete in respect of Project B, which resulted in an overstatement of reported operating profit of $22.9 million and $20 million respectively in its FY23 results;

3) released provisions and contingencies held against specific risks within its Projects Business Unit in order to offset losses elsewhere in the business, without proper regard to the specific projects that the provisions were allocated to or the risks or progress in those projects, which led to a cumulative overstatement of Wood Group's adjusted EBITDA and operating profit of $28.0 million across the FY22 and FY23 results;

4) failed to write off unsupportable debit amounts held on the balance sheet of the Projects Business Unit which resulted in a cumulative overstatement of $25 million to Wood Group's adjusted EBITDA and operating profit across both its FY22 results and FY23 results. This was despite concerns being raised

by certain Wood Group staff in respect of some of those debit amounts; and

5) recognised a $140 million exceptional charge in its HY24 results, a significant part of which was referable to the matters described at 1) and 2) above, but which were not characterised by Wood Group as prior year accounting errors (as they should have been) and were not disclosed to its auditors and Board until shortly before the HY24 results were announced (without an audit review). Whilst Wood Group was not required to conduct an auditor review of its HY24 results, having commissioned this review, Wood Group left its auditors with insufficient time to review the proposed charge and assess whether it related to HY24 or arose from inappropriate prior year accounting judgements (as was, in fact, the case).

2.3 Following concerns expressed by Wood Group's auditors about the HY24 results, and the manner in which these had been prepared, Wood Group announced an independent review on 7 November 2024. Further announcements followed, which indicated that there had been significant failings in Wood Group's financial culture and that material restatements would be required. Between November 2024 and March 2025, Wood Group's share price fell by around 78% and its shares were subsequently suspended on 1 May 2025 as a result of its failure to publish the FY24 results within the required timeframe (30 April 2025).

2.4 The FY24 results were published by Wood Group on 30 October 2025. They include prior year adjustments ("PYA") reducing Wood Group's operating profit and adjusted EBITDA for FY22 and for FY23. The matters identified in this Notice materially contributed to those PYA.

2.5 By reason of the above matters and as explained in this Notice below, Wood Group failed to take reasonable care to ensure that its announcements concerning its FY22, FY23 and HY24 results did not contain false or misleading information and it failed to take reasonable steps to establish and maintain adequate systems, controls and procedures to enable it to comply with its obligations.

2.6 The Authority hereby imposes a financial penalty on Wood Group of £12,993,700 for contraventions of LR1.3.3R and Listing Principle 1, pursuant to section 91 of the Act.

2.7 The Authority does not make any criticism of any other person or entity in this Notice.

3. DEFINITIONS

3.1 The definitions below are used in this Notice:

"Act" means the Financial Services and Markets Act 2000

"Authority" means The Financial Conduct Authority

"Adjusted EBITDA" means Earnings Before Interest, Taxes, Depreciation and Amortisation, adjusted to remove one-off, non-recurring, or non-operating income or costs; where referenced in this Notice, it includes Wood Group's share of joint venture profits and excludes Exceptional items (see note 1 to Wood Group's financial statements for FY23)

"AREC" means Wood Group's Audit, Risk and Ethics Committee

"Customer A" means Wood Group's customer, who was party to the contract agreed as part of Project A (see below)

"Customer B" means Wood Group's customer, who was party to the contract agreed as part of Project B (see below)

"DEPP" means the Decision Procedure and Penalties manual, part of the Authority's Handbook

"EPC" means Engineering, Procurement and Construction contracts

"Exceptional" items, charges or write-offs means those significant and unusual items (which are not limited to revenue or costs) which are separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance

"FY22" means the financial year ended 31 December 2022

"FY22 results" means Wood Group's financial results for FY22 announced via RIS on 28 March 2023

"FY23" means the financial year ending 31 December 2023

“FY23 results” means Wood Group's financial results for FY23 announced via RIS on 26 March 2024

“FY23 DP” means the dispensation paper prepared by Wood Group for Project B, in relation to FY23

“FY24” means the financial year ending 31 December 2024

“FY24 results” means Wood Group's financial results for FY24 announced via RIS on 30 October 2025

“Handbook” means the Authority's Handbook of rules and guidance

“HY24” means Wood Group's half-year results for the six months ending 30 June 2024 announced via RIS on 20 August 2024

“HY24 DP” means the further dispensation paper prepared by Wood Group for Project B, in relation to the HY24 results

“IAS 37” means International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets

“IFRS 15” means International Financial Reporting Standard 15: Revenue from Contracts with Customers

“Listing Rules” means the Authority's Listing Rules, set out in the Authority's Handbook

“LSTK” means Lump Sum Turnkey contracts, which are fixed-price agreements in the engineering, procurement and construction sectors where a contractor (in this case, Wood Group) is responsible for designing, procuring, constructing and delivering a project to full completion

“MMLS” means the business group within Wood Group's Projects Business Unit, focusing on Minerals, Metals and Life Sciences

“Operating profit” in this Notice comprises operating profits from Wood Group's continuing operations and includes Exceptional items, charges and write-offs (see above, and see note 1 to Wood Group's financial statements for FY23)

"Project A" means six individual EPC LSTK contracts agreed with Customer A for $690 million (later amended to $736 million), to perform the design, engineering, procurement, construction, installation, commissioning and testing of certain facilities in the United States

"Project B" means a project relating to an EPC LSTK fixed price contract agreed with Customer B for the design, procurement and construction of control facilities and related systems located in the United States

"Projects Business Unit" means the business unit within Wood Group which provides engineering, design and project management services across energy and materials markets

"PYA" means prior year adjustments

"Relevant Period" means the period between 1 January 2023 and 7 November 2024

"RIS" means Regulatory Information Service

"Tribunal" means the Upper Tribunal (Tax and Chancery Chamber)

"Wood Group" means John Wood Group PLC

4. FACTS AND MATTERS

Wood Group

4.1 Wood Group is an international consulting and engineering company. It is based in Aberdeen, UK and operates in over 60 countries with around 35,000 employees. Its shares are admitted to the Official List.

4.2 During the Relevant Period, Wood Group operated its business through four Business Units: Projects, Operations, Investment Services and Consulting. The matters in this Notice relate to the Projects Business Unit, which provided global engineering design and project management services across energy and materials markets. The Projects Business Unit included three Business Groups: MMLS, Oil, Gas & New Energies and Process and Chemicals.

4.3 The Projects Business Unit also included finance, administration and commercial staff, who worked with Group Finance in the preparation of its financial results. Similar to the other Business Units, the finance and commercial management staff of the Projects Business Unit reported to members of Wood Group's executive leadership team, including by both direct and dotted reporting lines.

4.4 During and prior to the Relevant Period, the Projects Business Unit was party to a number of EPC contracts, most of which sat within MMLS. Many of these were LSTK contracts, which are fixed-price agreements where a contractor (in this case, Wood Group) is responsible for designing, procuring, constructing and delivering a project to full completion.

4.5 Such contracts are often complex and require subjective accounting judgements to be made by a contractor throughout the lifecycle of the contract to recognise revenue and costs depending upon its progress against specific milestones, including taking into account the background and context of the contract, changes to scope, variations and/or claims where appropriate. When exercising these accounting judgements, it is critical that the relevant accounting standards are complied with, that decisions are based on evidence, historical experience and reasonable assumptions. They should not inappropriately maintain previously reported positions.

Wood Group's announcements and independent review

4.6 In late 2022, Wood Group spoke publicly about it "*exiting lump sum turnkey and largescale EPC work*" and its "*strategic decision to move away from riskier LSTK work",* which decision had been taken as a result of sustaining significant losses in the LSTK contract portfolio in the years prior to 2022. In later announcements, Wood Group continued to comment publicly on its exit from LSTK contracts.

4.7 On 20 August 2024, Wood Group announced its HY24 results and reported its decision to record a $140m exceptional charge "*related to our exit from LSTK and large-scale EPC work*". The HY24 results were announced without the benefit of a review opinion from Wood Group's auditor, whose review was aborted by Wood Group on 19 August 2024 in circumstances described below.

4.8 On 7 November 2024, Wood Group announced that it would be commissioning an independent review:

"Following the exceptional contract write-offs relating to the exit from lump sum turnkey and large-scale EPC reported at the half year 2024 results, and in conjunction with the auditor's ongoing work, the Board, in response to dialogue with its auditor, has agreed to commission an independent review to be performed by Deloitte.

This review will focus on reported positions on contracts in Projects, accounting, governance and controls, including whether any prior year restatement may be required. An update will be provided as appropriate following its conclusion."

4.9 Following its announcement on 7 November 2024, Wood Group's share price fell by 60%.

4.10 After various further updates to the market and additional share price falls, Wood Group announced on 31 March 2025 that, as a result of the independent review, it had *"identified material weaknesses and failures in the Group's financial culture within the Projects business unit and engagement between Group Finance and Projects... The cultural failings appear to have led to instances of information being inappropriately withheld from, and unreliable information being provided to, Wood's auditors"*. This announcement led to a further 30% fall in Wood Group's share price.

Financial culture at Wood Group

4.11 During the Relevant Period, there were serious weaknesses in Wood Group's financial culture. These arose in the context of commercial challenges faced by Wood Group during the Relevant Period and its desire to improve investor confidence and maintain a strong financial position against the background of a potential acquisition of the company. Staff within the Projects Business Unit felt under pressure to maintain Wood Group's financial performance in line with market expectations. The failure of Wood Group to maintain a robust control framework created an environment in which inappropriate accounting judgements could be made in relation to its Projects Business Unit. Wood Group's processes enabled, rather than prevented, the breaches of LR 1.3.3R identified below.

4.12 The subjective nature of accounting judgements and estimates in LSTK EPC projects run by the Projects Business Unit meant that they were particularly susceptible to inappropriate influence. In these circumstances, it was vital that Wood Group had a strong culture and robust control framework to ensure that its accounting judgements were appropriately made and in compliance with applicable accounting standards. Wood Group's culture and control framework failed to fulfil these important obligations. Wood Group's Ethics & Compliance Function noted in August 2024 that *"the pressure on people in terms of financial performance (and therefore, financial reporting, provisioning, revenue recognition etc)"* presented a risk to the firm's ethical culture. This risk was not adequately addressed by Wood Group.

4.13 The pressure felt by staff in the Projects Business Unit to maintain financial performance was compounded by a lack of understanding within Group Finance and the Projects Business Unit as to Wood Group's accounting policies and the applicable accounting standards. The use of "dispensations" (i.e. an internal mechanism permitting non-compliance with Wood Group's accounting policies where appropriate and in conformity with applicable accounting standards) occurred, on occasion, in circumstances where they were not supportable under the applicable accounting standards and beyond the "limited occasions" envisaged by Wood Group's internal dispensation policy. The lack of adequate controls relating to Wood Group's provisions and contingency release / accrual policy similarly increased the risk that inappropriate and inconsistent judgements would be made in relation to the level of risk to be provided for.

4.14 The matters outlined at 4.11 to 4.13 above led to Wood Group:

1) Failing to comply with the relevant accounting standards in relation to individual projects, including failing to account for costs appropriately, attempting to recognise revenue inappropriately in dispensations, and releasing project-related provisions and contingencies held against specific risks on certain projects in order to offset losses experienced on other projects within the Projects Business Unit;

2) Making poor and/or over-optimistic accounting judgements, such as overstating costs savings and underestimating future costs to complete on projects, and failing to write off debit

balances from Wood Group's balance sheet, despite some concerns being expressed within the Projects Business Unit that these could no longer be supported; and

3) Failing to ensure that Wood Group's auditors were provided with sufficient information for them to assess fully certain accounting judgements being made by Wood Group, including at FY23 year-end and before publishing its HY24 results.

4.15 These issues directly affected Wood Group's financial reporting in relation to the Projects Business Unit, including for certain EPC LSTK projects (Project A and Project B) and more generally as described below. The culture at Wood Group led to a number of poor accounting judgements, which materially contributed to the adjustments required for Wood Group's financial statements for FY22, FY23 and HY24.

Project A

4.16 Between May and October 2019, Wood Group entered into a number of individual EPC LSTK contracts with Customer A, together comprising Project A. The total price of these contracts was $690 million and was subsequently increased by agreement to $736 million.

4.17 Project A was substantially completed during FY22, but there were various outstanding issues which meant that Customer A had not signed off on contract acceptance, preventing Wood Group from reaching completion. As a result, it had to perform remediation as well as ongoing maintenance work associated with the project.

4.18 As at the end of FY22, Project A was loss-making, with internal estimates assessing the expected future costs associated with the project as being $18 million. As explained below, however, Wood Group failed to recognise a provision for these costs in its FY22 financial statements.

4.19 The maintenance costs associated with Project A were significant and exceeded Wood Group’s original estimates (costs incurred in FY23 amounted to $12.7 million and a further $8 million was budgeted for FY24). For FY23, Wood Group’s auditor understood that the ongoing maintenance costs associated with Project A were incidental (i.e. less than $0.5 million a year).

4.20 Wood Group did not properly account for the above matters in a number of respects and failed to comply with applicable accounting standards.

<u>Failure to make a provision and recognise future costs</u>

4.21 Pursuant to IAS 37 and Wood Group's group accounting policies, once it was clear to Wood Group that Project A was loss-making, it should have been treated as an onerous contract for accounting purposes and a provision for the full loss should have been made based upon Wood Group's best estimate of the future costs associated with the project.

4.22 Wood Group failed to comply with these requirements. It did not make any provision for Project A at FY22 or subsequently until the HY24 results, when a charge for the agreement reached with Customer A in May 2024 was recognised. In addition, Wood Group determined for FY23 that any ongoing maintenance costs associated should be expensed on an "as incurred" basis (i.e. recognised as and when they arose) as opposed to recognising a contract loss provision as required by IAS 37. Wood Group decided to account for the project on an "as incurred" basis despite the fact that Project A was loss-making and the expected maintenance costs incurred were substantial, as described above.

4.23 By late 2023, staff within the Projects Business Unit were aware of the scale of estimated future maintenance costs associated with Project A, which went significantly beyond what was originally anticipated. For example, by September 2023, relevant staff in the Projects Business Unit estimated (albeit on a conservative basis) that Project A would require a budget of over $40 million for 2024 and 2025. In January 2024, an internal paper confirmed this budget estimate and indicated Wood Group had spent about $70 million on Project A since substantial completion. In mid-February, a presentation was circulated to senior management within Wood Group which included these budget and cost figures. Wood Group nonetheless wrongly continued to conclude that these costs should be treated on an "as incurred" basis. Wood Group's auditors, who might otherwise have corrected this misunderstanding, understood the estimated future costs to be immaterial and non-recurring.

Delayed settlement with Customer A

4.24 In November and December 2023, Wood Group and Customer A commenced initial discussions about a potential settlement of the future costs associated with Project A.

4.25 These discussions progressed during January and February 2024. By this stage, Wood Group had produced its internal estimate of the future maintenance costs associated with Project A which, as mentioned above, estimated future costs of over $40 million for 2024 and 2025.

4.26 By mid-February 2024, staff within Wood Group were recommending internally a proposed settlement figure of $26 million for approval by senior management. This reflected the position reached in the negotiations between Wood Group and Customer A up to that point.

4.27 By the end of February 2024, Customer A sent through a draft settlement agreement. The settlement was not, however, internally approved within Wood Group until April 2024 and finalised in May 2024. There was a perception among some Project Business Unit staff that any settlement with Customer A was to be delayed until after the finalisation of the FY23 results, in late March 2024, so that it would not be included in those results. Accordingly, no further substantive negotiations with Customer A regarding the settlement amount took place between February and early May 2024.

4.28 Once Wood Group communicated its agreement to the proposed settlement figure in early April 2024, there were further discussions between Wood Group and Customer A in late April 2024 seeking to negotiate a discount for early payment.

4.29 The delay of the final settlement of Project A is illustrative of the inappropriate pressure felt by Wood Group staff to maintain existing positions for the FY23 results, which some staff in the Projects Business Unit understood to be the purpose of the delay. Some Projects Business Unit staff felt that they should not inform Wood Group's auditors about the proposed settlement with Customer A, meaning that Wood Group's auditors remained unaware of the settlement discussions during the preparation of the FY23 results.

4.30 As described above, the appropriate accounting treatment pursuant to IAS 37 should have been to recognise in FY23 the anticipated future costs associated with Project A. The proposed settlement with Customer A for $26 million represented the best estimate of those future costs before publication of the FY23 results and, subject to the provision of $18 million that should already have been made in FY22 as described above, should have been accounted within the FY23 results accordingly.

<u>Impact of Project A on Wood Group's FY22 and FY23 results</u>

4.31 As a loss-making project, Project A should have been treated as an onerous contract in FY22 and FY23, with appropriate provisions made for estimated future costs associated with the project.

4.32 For the FY22 results, this should have resulted in a provision of $18 million, representing Wood Group's best estimate of those costs at that stage. This should have been accounted for as an onerous contract provision, resulting in a corresponding reduction in Wood Group's operating profit of that amount.

4.33 For the FY23 results, Wood Group should have made a provision of $8 million, comprising the difference between the figure of $18 million and the settlement figure of $26 million (representing Wood Group's best estimate of the future costs associated with the project when finalising the FY23 results). This would have reduced Wood Group's operating profit for FY23 by $8 million.

Project B

4.34 In Q2 of 2022, Wood Group entered into an EPC LSTK contract with Customer B to deliver Project B for a fixed price, with a completion date in early 2024. As described below, Wood Group ultimately missed the completion deadline and Customer B subsequently terminated the contract in Q1 of 2024 and hired a new replacement contractor.

4.35 Project B faced various difficulties throughout its lifecycle and became loss-making for Wood Group during FY23, with an expected loss of around $9 million at HY23.

4.36 Before and during the preparation of its FY23 results announced on 26 March 2024, some Projects Business Unit staff felt there was pressure to maintain the expected loss of $9 million and not to allow it to deteriorate further.

4.37 Wood Group's systems and controls should have ensured that Project B's financial performance was not maintained by inappropriate means and was compliant with accounting standards. However, in response to this pressure, Wood Group sought to maintain the previously reported loss through the following:

1) The attempted use of a “dispensation”, which did not meet the requirements of Wood Group’s internal dispensation policy, to allow recognition of $16 million of revenue in circumstances where Wood Group's accounting policies would not otherwise allow it; and

2) Assuming cost savings of $22.9 million would be made without proper support or evidence that those cost savings would be achievable.

4.38 Wood Group also under-estimated future costs associated with Project B by failing to adequately take into account the financial impact of alleged performance issues arising in the project. These alleged issues, if properly accounted for at the time, would have increased Wood Group's costs associated with Project B by a further $20 million.

<u>The attempted use of a dispensation to increase revenue</u>

4.39 Wood Group's accounting policies permitted the limited use of “dispensations” to allow contracts to be accounted for in a different manner to that set out in Wood Group's accounting policies. The use of such dispensations was intended to be restricted to situations where the strict application of Wood Group's accounting policies *“would not result in the faithful representation of the financial performance of the contract or transaction”*. The accounting treatment to be applied under a dispensation was required to be fully compliant with applicable accounting standards.

4.40 IFRS 15 was the applicable accounting standard concerning the recognition of revenue associated with Project B. It permits the recognition of revenue in circumstances where it is *"highly probable"* that the cumulative revenue recognised will not be significantly reversed in future periods.

4.41 On 5 February 2024, a dispensation paper for Project B was prepared for internal approval ("FY23 DP"). The dispensation concerned a "change order" that Wood Group was seeking to agree with Customer B, whereby Customer B would acknowledge and accept liability for additional costs incurred or forecast to be incurred by Wood Group in relation to Project B. The dispensation sought approval for the recognition of $16 million of revenue associated with the change order, despite the fact that it had not been accepted by Customer B.

4.42 The figure of $16 million in the FY23 DP purported to represent Wood Group's assessment of the most likely outcome of commercial negotiations with the customer in respect of Wood Group's claim for costs. However, the view of the Projects Business Unit at the time was that the most likely outcome of such negotiations was that no recovery would be made for Wood Group. It was widely understood in the Projects Business Unit and Group Finance that the true purpose of the FY23 DP was to enable Wood Group to maintain a loss of $9 million for Project B in its FY23 results.

4.43 Given the above matters, it should have been clear to Wood Group that the FY23 DP did not comply with its dispensation policy, nor the applicable accounting standards for the recognition of revenue under IFRS 15. Despite this, the FY23 DP was submitted and subsequently approved by senior management within Wood Group.

4.44 Wood Group subsequently missed the completion deadline for Project B and, as mentioned above, Customer B terminated the contract in Q1 of 2024. A separate contractor was engaged by Customer B in place of Wood Group to complete the remaining work.

4.45 These events forced Wood Group belatedly to accept that the sum of $16 million was an *"overly optimistic position"* and was unlikely to be recovered by Wood Group through commercial negotiations with the customer in respect of Wood Group's claim for costs. It withdrew the FY23 DP and recorded a loss of $25 million for that period accordingly.

Overstatement of cost savings to decrease costs

4.46 The position proposed in the FY23 DP anticipated an estimated loss of $9 million for Project B, which was calculated on the basis of revenue of $97 million and reflected assumed total costs to complete for Project B amounting to $106 million (although this was not explicitly mentioned in the FY23 DP). This figure included cost savings of $22.9 million, which were recognised by staff within MMLS as very ambitious, and highly unlikely to be realised in full.

4.47 The cost savings of $22.9 million were not supported by any detailed plans to demonstrate the reasonableness and achievability of these savings. Additionally, there was no prior track record of such cost savings being achieved in the past. These cost savings were included as part of the costs figures cited in the FY23 DP, but were not highlighted or otherwise explained in the FY23 DP (which concerned the recognition of revenue associated with Project B as described above, not costs).

4.48 The cost savings were determined by individuals within Projects Business Unit management rather than by the specific team within MMLS managing Project B contract. Staff within that team had significant concerns about these cost savings, believing them to be very ambitious and highly unlikely to be achieved in full. These concerns were raised with Projects Business Unit management and Group Finance, but their concerns were met with resistance. In addition, the cost savings of $22.9 million and the concerns raised about their achievability were not appropriately drawn to the attention of Wood Group's auditors during their preparation of the Group's FY23 results, reflecting poor judgement and wider cultural failings around openness and transparency with its auditors.

4.49 The cost savings should not have been recognised as they were unsupported by any detailed plans and considered to be very unlikely to be achieved, meaning they did not comply with the applicable accounting standards. Despite this and the concerns being raised by MMLS, the cost savings were ultimately recognised by Wood Group in its accounting of Project B for FY23.

Under-estimation of future costs

4.50 Wood Group's estimate of future costs on Project B as at the FY23 year-end also failed to take account of alleged performance issues at the time that, if properly taken into account, may have indicated that additional work could be required to complete the contract, over and above the costs assumptions made by Wood Group.

4.51 The potential additional work required would have increased the costs associated with Project B and should have resulted in a further reduction of $20 million to the operating profit reported in the FY23 results, in addition to the removal of the assumed costs savings considered above.

Impact of Project B on Wood Group's FY23 results

4.52 As described above, Wood Group recognised a loss of $9 million for Project B at HY23 and sought to maintain this loss for FY23 by means of a dispensation to recognise $16 million of additional revenue and cost savings of $22.9 million. It also under-estimated future costs of $20 million as at FY23.

4.53 The belated withdrawal of the dispensation meant that Project B was accounted for as a $25 million loss at FY23. This included $22.9 million of costs savings that were unsupported and viewed internally as very ambitious. It also included an under-estimation of future costs associated with the project by $20 million.

4.54 By inappropriately recognising cost savings and under-estimating future costs on Project B, Wood Group overstated its operating profit in its FY23 results by $42.9 million in relation to Project B.

Provision and contingency releases

4.55 The term contingency (as used by Wood Group) is an estimated amount added to a project cost estimate to cover the estimated uncertainty and the identified project risks. Wood Group referred to these project-related contingencies collectively as “provisions and contingencies”. Wood Group’s accounting policy was that, when estimating expected total contract costs, sufficient contingency should be included to take account of all reasonably foreseeable events.

4.56 In practice, whilst Wood Group had a group accounting policy in place which referenced the use of contingencies, Wood did not provide adequate guidance and controls relating to contingency management during the Relevant Period. This significantly increased the risk that Wood Group's approach to assessing project-related provisions and contingencies would vary between Business Units and potentially be inconsistent with applicable accounting standards.

4.57 At the FY23 year end, Wood Group reduced the total level of project-related provisions and contingencies held in its Projects Business Unit by $43.5 million. This had the effect of increasing Wood Group's adjusted EBITDA and operating profit in its FY23 results by an equivalent amount.

4.58 The release of provisions and contingencies at the FY23 year-end resulted from a review in late 2023 and early 2024 of the provisions and contingencies held by the Projects Business Unit, requested by Group Finance and Wood Group's senior management. The review was prompted by a belief that the level of provisions and contingencies held by the Projects Business Unit was too high.

4.59 The approach adopted in the review was not, however, consistent with the requirements of the relevant accounting standards. The review was performed at an aggregate level without proper regard to the specific risks on individual projects against which provisions were held. It was aimed at releasing sufficient provisions and contingencies to offset losses experienced on other projects within the Projects Business Unit for FY23. This was widely understood within Wood Group to be an inappropriate approach to the release of provisions and contingencies.

4.60 The proposed releases were identified and assessed centrally within the Projects Business Unit in a process directed by Group Finance. They increased significantly in size as the deadline for finalising the FY23 results approached, for example to take account of the increased losses on Project B when the FY23 DP was withdrawn. They were not, however, discussed with the relevant staff responsible for the projects to which the provisions and contingencies related until after the FY23 results were finalised. At that point, the Business Groups were asked to notionally allocate the releases to individual projects within the Business Groups, which was termed the “push down”.

Impact of Provision and Contingency Releases on FY23

4.61 As noted above, the provision and contingency releases amounted to \$43.5 million at the FY23 year-end. A significant proportion of these releases (amounting to \$32.4 million) was not supportable, having regard to the Wood Group accounting policy and relevant accounting standards.

4.62 Pursuant to the FY24 results, Wood Group has concluded that amounts of \$4.4 million and \$11.1 million only were appropriate to release at the FY22 and FY23 year-ends respectively. This had the effect of overstating Wood Group's adjusted EBITDA and operating profit by \$32.4 million for FY23 and understating its adjusted EBITDA and operating profit by \$4.4 million for FY22.

Debit balances held by Projects Business Unit

4.63 At the FY23 year-end, there were certain debit balances held on the Projects Business Unit balance sheet that were being investigated regarding the appropriateness of their continued recognition or which were known to be no longer supportable and therefore required write-off. These included:

1) Items relating to historical debit amounts;

2) "Stretch" items which were targeted items included in budgets and costs savings, which were not considered to be achievable; and

3) Research and development credits, which were not recoverable.

The full extent of the issues in relation to the debit balances on the Projects Business Unit balance sheet did not appear to be known by the staff at that time.

4.64 Concerns about the continued recognition of these items were raised within the Projects Business Unit, but those concerns were not acted upon and these items were not written off at the FY23 year-end.

4.65 In the months after the publication of the FY23 results, the Projects Business Unit conducted a further review of these items. This review concluded that it was appropriate to write-off a number of these debit balances amounting to $27 million and determining that they should have been made in the following financial periods: $18 million for FY23, $7 million for FY22 and $2 million relating to prior financial periods. Had Wood Group written off these amounts in the appropriate financial periods, it would have decreased the operating profit and adjusted EBITDA reported by Wood Group in those financial periods by corresponding amounts.

The HY24 results and August AREC meetings

4.66 In July and August 2024, Wood Group prepared its HY24 results, which were due to be published on 20 August 2024.

4.67 When preparing the HY24 results, Wood Group staff initially sought to take a robust approach in maintaining the financial positions on projects that had been adopted for FY23. For example, a further dispensation on Project B, the HY24 DP, was prepared in July 2024. The HY24 DP sought to recognise $19.4 million in additional revenue for Project B, including $17 million in respect of the same change order that had been the subject of the withdrawn FY23 DP. This was despite the fact that Customer B had rejected Wood Group's change order in March 2024 and there had been no material change in Customer B's position since that date.

4.68 On becoming aware of the proposed HY24 DP on Project B in early August 2024, Wood Group's auditors raised a number of challenges to it. They also raised questions about the negotiations and settlement with Customer A, about which they had been previously unaware.

4.69 In the week leading up to publication of the HY24 results, there were due to be meetings of Wood Group's AREC and the Board to consider and approve the HY24 results. In preparing for those meetings, it was recognised within Wood Group that maintaining the positions on individual projects adopted at the FY23 year-end would be very challenging and, in some respects, unsupportable, such as in the case of the HY24 DP. An alternative position was prepared internally, in which Wood Group would no longer seek to maintain the FY23 year-end positions and would instead write-off $140 million on an exceptional basis in relation to exit from various large-scale EPC projects, including in relation to Projects A and B.

4.70 A meeting of AREC was held on 13 August 2024 to discuss the HY24 results, at which Wood Group's auditors were also present. At this meeting, Wood Group staff took a robust approach to maintaining the FY23 position (including in relation to the HY24 DP), without disclosing their significant concerns as to the viability of this approach or its potential non-compliance with applicable accounting standards. They also did not disclose the alternative position being developed internally that would involve $140 million of exceptional write-offs for HY24. This lack of transparency risked misleading AREC and Wood Group's auditors and reflected a culture within Wood Group where issues were not raised with Wood Group's auditors until they had been fully resolved and agreed internally. This was described by one individual as *"toeing the party line"*.

4.71 At a Board meeting on 14 August 2024, the alternative position involving write-offs was presented to the Board, contrary to the position presented to AREC the day before. A paper setting out the proposed write-offs was shared with Wood Group's auditors later the same day. Shortly prior to the Board meeting on 14 August, the concept of possible write-offs was raised verbally with Wood Group's auditors.

4.72 A further meeting of AREC took place on 16 August 2024, at which the proposed write-offs of $140 million were approved as exceptional items. Wood Group's auditors, however, expressed significant concerns about the lack of notice concerning these proposed write-offs, which they believed left insufficient time for them to be properly assessed as part of their review of the HY24 results (which were due to be announced within the next few days, and which were released without an audit review). The auditors were concerned about the possibility of prior year errors in Wood Group's financial reporting, both in terms of the issues that the auditors were now aware of regarding the accounting treatment of Project A and Project B, and in relation to the $140 million exceptional write-offs more generally.

4.73 Having considered the auditors' concerns and other factors, Wood Group proceeded to announce its HY24 results on 20 August 2024 without the benefit of any further review by its auditors of the above matters.

4.74 The HY24 results as announced described the $140 million of exceptional write-offs as resulting from Wood Group's exit from the large-scale EPC or LSTK contracts in the following terms:

1) *"We have finalised our views on our exit from lump sum turnkey and large-scale EPC work and have reflected this in our results today, though crucially this has not changed our cash guidance. We have also recognised a non-cash goodwill impairment in our Projects Business Unit, which relates to legacy acquisitions."*

2) The $140 million write-off was described as *"consisting of $53 million write-off of receivable balances, $61 million of new provisions, and $26 million of final settlements."*

3) Wood Group stated that the *"these charges were recorded within exceptional items by virtue of their size and nature"*.

4.75 As outlined above, a significant proportion of the exceptional write-offs did not relate to the financial period covered by the HY24 results, but were losses or costs which should have been recognised in earlier financial periods. As described above, Wood Group did not ensure that its auditors had sufficient notice to review those matters in its HY24 results properly as had been planned before the results were announced.

5. FAILINGS

5.1 The regulatory provisions relevant to this Notice are referred to in Annex A.

5.2 The Authority considers that the appropriate exercise of accounting judgements and compliance with accounting standards is critical to ensuring that investors are accurately and fully informed about a listed company's financial position and performance. The Authority has taken these matters into account when assessing the reasonableness of Wood Group's conduct for the purposes of LR 1.3.3R and Listing Principle 1.

Breach of Listing Rule 1.3.3R

5.3 Listing Rule 1.3.3R requires an issuer to take reasonable care to ensure that any information it notifies to a RIS or makes available through the Authority is not misleading, false or deceptive and does not omit anything likely to affect the import of the information. As a listed company, Wood Group was required to comply with LR 1.3.3R.

<u>FY22 results</u>

5.4 For the reasons explained above, Wood Group breached LR 1.3.3R because it failed to take reasonable care to ensure its reported accounting information in relation to FY22 was not misleading, false or deceptive, or did not omit anything likely to affect the import of the information. Specifically, in its FY22 results, it failed:

1) properly to provide for $18 million of future costs on Project A;

2) to release a project-related contingency of $4.4 million; and

3) to write off debit balances of $7 million.

<u>FY23 results</u>

5.5 For the reasons explained above, Wood Group breached LR 1.3.3R because it failed to take reasonable care to ensure its reported accounting information in relation to FY23 was not misleading, false or deceptive, or did not omit anything likely to affect the import of the information. Specifically, in its FY23 results, it:

1) failed to provide for $8 million of further costs in relation to Project A;

2) failed to account properly for the costs of Project B, by assuming unrealistic costs savings of $22.9 million and under-estimating future costs of $20 million;

3) inappropriately released project-related provisions and contingencies of $32.4 million; and

4) failed to write off debit balances of $18 million.

5.6 Wood Group's FY23 results announced on 26 March 2024 reported an operating profit of $38 million and adjusted EBITDA of $423 million. According to its FY24 results, these numbers should have been an operating loss of $55 million and adjusted EBITDA of $378.2 million. The matters relating to Project A, Project B, provision and contingency releases and debit balances also formed a material part of the PYA for FY23.

HY24 results

5.7 Wood Group's HY24 results were announced on 20 August 2024 without the benefit of a review by its auditors and in the face of concerns raised by the auditors. As described above, the results included $140 million of exceptional write-offs characterised as arising in HY24 and relating to Wood Group's exit from LSTK and large-scale EPC contracts.

5.8 This was not an accurate portrayal of the write-offs insofar as they related to the issues identified in this Notice in relation to Project A and Project B. As explained above, a significant portion of the write-offs did not relate to matters arising in HY24 and should have properly been recognised in Wood Group's FY22 and FY23 results.

5.9 Senior staff at Wood Group were involved in the preparation of the HY24 results and in their presentation to AREC and Wood Group's auditors in mid-August 2024. As described above, there was a lack of transparency when presenting the HY24 results because AREC and the auditors were not informed as to significant concerns about maintaining the FY23 year-end positions at HY24. These concerns were disclosed to AREC and the auditors too late to enable proper scrutiny and review, meaning that the HY24 results were published without the benefit of adequate consideration of the $140 million of write-offs.

5.10 In the above circumstances, Wood Group did not take reasonable care to ensure that the HY24 results accurately or fully reflected the circumstances giving rise to a significant proportion of the $140 million of write-offs. Accordingly, Wood Group was in breach of LR 1.3.3R.

Listing Principle 1

5.11 Listing Principle 1 requires a listed company to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations. These obligations include compliance with the Listing Rules, in particular the timely and accurate disclosure of information to the market, as set out in LR

7.2.2G and LR 7.2.3G. As a listed company, Wood Group was required to comply with Listing Principle 1 during the Relevant Period.

5.12 The Authority considers that a listed company should have in place procedures, systems and controls that provide clear, consistent and transparent reporting throughout the company. This should include procedures, systems and controls which ensure that:

1) The financial performance of contracts is assessed in accordance with the appropriate accounting standards, including IFRS 15 and IAS 37, and that those standards are adequately complied with;

2) Accounting judgements made in relation to individual projects are clear, consistent and well supported, and any inconsistencies or discrepancies are identified and resolved in a timely fashion with appropriate challenge from senior staff;

3) There are adequate policies and procedures in place to ensure consistent decision-making, especially around provisions and contingencies and dispensations; and

4) Auditors are provided with sufficient information on a timely basis to enable them to properly assess relevant accounting judgements being made as appropriate.

5.13 The Authority also considers that a strong and robust financial culture is critical to ensuring that such procedures, systems and controls operate effectively around financial reporting.

5.14 Wood Group failed to meet these standards. As acknowledged by Wood Group in August 2024, the *"pressure on people in terms of financial performance (and therefore, financial reporting, provision, revenue recognition etc)"* were significant risks to Wood Group's "*ethical culture*". The pressure to maintain financial performance and the withholding of information from auditors until issues had been fully resolved and agreed internally created the circumstances in which inappropriate accounting decisions and reporting could happen. Wood Group's processes enabled, rather than prevented, inappropriate decisions, including attempts to use unsupportable dispensations, inappropriate release of provisions and contingencies, the failure to write off bad debts, unreasonable assumed costs savings and failure to account for likely costs. They also contributed to the qualified audit opinion given by Wood Group's auditors for the FY24 results due to a lack of sufficient audit evidence.

5.15 It was this failure to take reasonable steps to establish and maintain adequate procedures, systems and controls that caused the breaches of LR 1.3.3R identified above. These also meant that Wood Group failed to ensure that its auditors were provided with sufficient information for them to assess on a timely basis accounting judgements being made by Wood Group, specifically:

a) Not informing its auditors about the status of settlement discussions with Customer A at FY23 year-end, which was relevant to its accounting treatment; and

b) Failing to be transparent with its auditors about the possibility of a $140m exceptional charge until shortly before the date for publication of the HY24 results, before proceeding to publish those results against the advice of the auditors and without allowing the auditors sufficient time to complete its review.

5.16 As a result of the above matters, the Authority considers that Wood Group was in breach of Listing Principle 1 during the Relevant Period.

6. SANCTION

Financial penalty

6.1 The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5A sets out the details of the five-step framework that applies in respect of financial penalties imposed on firms.

Step 1: disgorgement

6.2 Pursuant to DEPP 6.5A.1G, at Step 1 the Authority seeks to deprive a firm of the financial benefit derived directly from the breach where it is practicable to quantify this.

6.3 The Authority has not identified any financial benefit that Wood Group derived directly from its breach.

6.4 Step 1 is therefore £0.

Step 2: the seriousness of the breach

6.5 Pursuant to DEPP 6.5A.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. Where the amount of revenue generated by a firm from a particular product line or business area is indicative of the harm or potential harm that its breach may cause, that figure will be based on a percentage of the firm's revenue from the relevant products or business area.

6.6 However, in this case, the Authority considers that the revenue generated by Wood Group is not an appropriate indicator as it does not reflect the harm or risk of harm resulting from Wood Group's breaches.

6.7 The Authority considers the appropriate indicator is Wood Group's average daily market capitalisation throughout the Relevant Period as it reflects the harm or risk of harm resulting from the breaches. Wood Group's average daily market capitalisation over this period was £1,100,000,000 (rounded to the nearest £1,000,000).

Scale

6.8 The Authority considers that a scale of 0-0.5% of market capitalisation (applied according to the seriousness of the breach) is appropriate in order that the penalty properly reflects the seriousness of the breach. The range is divided into five fixed levels that represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level:

Level 1 – 0%

Level 2 – 0.125%

Level 3 – 0.25%

Level 4 – 0.375%

Level 5 – 0.5%

Level of seriousness

6.9 In assessing the seriousness level for the purpose of penalty, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly.

Impact of the breach

6.10 The Authority considers the following factors to be relevant to the impact of Wood Group's breaches:

1) The breaches caused loss or risk of loss, as a whole, to consumers, investors or other market users in general (DEPP 6.5A.2(6)(b)); and the breaches caused loss or risk of loss to individual consumers, investors or other market users (DEPP 6.5A.2(6)(c)). The misstatements made by Wood Group in its FY22, FY23 and HY24 results meant that investors were not fully apprised of Wood Group's financial position. It became apparent from 7 November 2024 onwards that the Company may have misstated its accounts and withheld information from its auditors. Wood Group's share price fell by around 78% between November 2024 and March 2025, causing loss or risk of significant loss to investors and market participants.

2) The breaches had a serious adverse effect on the orderliness of, or confidence in, the market (DEPP 6.5A.2(6)(f)). Wood Group's misconduct and resulting share price falls between November 2024 and March 2025 were widely reported in the press. Wood Group's shares were suspended on 1 May 2025 due to the delay in publishing its FY24 results.

Nature of the breach

6.11 The Authority considers the following factors to be relevant to the nature of the breach:

1) The nature of the rules, requirements or provisions breached: LR 1.3.3R and Listing Principle 1 are of fundamental importance to the proper functioning of the financial markets. Wood Group's failings also involved a lack of transparency with Wood Group's auditors, who occupy a vital role in helping to ensure

the accuracy and completeness of a company's financial statement (DEPP 6.5A.2(7)(a)).

2) The breaches revealed serious and systemic weaknesses in Wood Group's procedures, systems and controls (DEPP 6.5A.2(7)(c)).

6.12 DEPP 6.5A.2G(11) lists factors likely to be considered 'level 4 or 5 factors'. Of these, the Authority considers the following factors to be relevant:

1) The misconduct caused significant loss or risk of loss to investors for reasons set out above.

2) The breach revealed serious or systemic weaknesses in the firm's procedures or in the management systems or internal controls relating to all or part of the firm's business.

6.13 Pursuant to DEPP 6.5A.2(12), there are listed factors that are likely to be considered levels '1, 2 or 3' factors. Of these, the Authority considers the following factors to be relevant:

1) Wood Group made no profit as a result of the breach (DEPP 6.5A.2(12)(a)).

2) The Authority considers that the breach was committed negligently rather than deliberately or recklessly (DEPP 6.5A.2(12)(e)).

6.14 Taking all of these factors into account, the Authority considers the seriousness of the breach to be level 4 and so the Step 2 figure is 0.375% of £1,100,000,000 which equates to £4,125,000.

Step 3: mitigating and aggravating factors

6.15 Pursuant to DEPP 6.5A.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.16 The Authority considers that the following factors aggravate the breach:

1) In June 2022, the Authority published its Final Notice against Carillion, and in December 2022 the Authority published its Final Notice against Metro Bank PLC. These notices published shortly before the Relevant Period should have led Wood Group and other listed firms to consider whether the risks identified in them/it might arise in their own businesses and the action that should be taken as a result (DEPP 6.5A.3(2)(k)).

2) Wood Group was aware of the risk of similar potential failings around its financial culture, as a result of an internal review that it conducted in 2022 (DEPP 6.5A.3(2)(c)).

6.17 The Authority considers that the following factors mitigate the breach:

1) Wood Group has shown significant cooperation with the Authority in relation to the findings of its independent review, including providing material under a limited waiver of privilege where appropriate and being responsive to the Authority's requests for information (DEPP 6.5A.3(2)(a)).

2) Wood Group has developed a remediation and governance action plan to address the issues identified in the independent review and has taken steps to implement that plan (DEPP 6.5A.3(2)(d)).

6.18 Having taken into account these aggravating and mitigating factors, the Authority considers that the Step 2 figure should be decreased by 10%.

6.19 Step 3 is therefore £3,712,500.

Step 4: adjustment for deterrence

6.20 Pursuant to DEPP 6.5A.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the firm who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty. Circumstances where the Authority may do this include where the Authority considers the absolute value of the penalty too small in relation to the breach to meet its objective of credible deterrence and where previous action by the Authority has failed to improve industry standards.

6.21 The Authority considers that the Step 3 figure of £3,712,500 is too small in relation to the breach to meet its objective of credible deterrence and so has increased the penalty by a multiple of 5 at Step 4. In doing so, the Authority has taken into account the mitigating factors identified at Step 3 and notes that it would have adopted a higher multiplier had they not been present.

6.22 Step 4 is therefore £18,562,500.

Step 5: settlement discount

6.23 Pursuant to DEPP 6.5A.5G, if the Authority and the firm on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the firm reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

6.24 The Authority and Wood Group reached agreement at Stage 1 and so a 30% discount applies to the Step 4 figure.

6.25 Step 5 is therefore £12,993,700 (rounded to the nearest £100 in accordance with the Authority's usual practice).

Penalty

6.26 The Authority hereby imposes a total financial penalty of £12,993,700 on Wood Group for breaching Listing Rule 1.3.3R and Listing Principle 1.

7. PROCEDURAL MATTERS

7.1 This Notice is given to Wood Group under and in accordance with section 390 of the Act.

7.2 The following statutory rights are important.

Decision maker

7.3 The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Manner and time for payment

7.4 The financial penalty must be paid in full by Wood Group to the Authority no later than 17 March 2026.

If the financial penalty is not paid

7.5 If all or any of the financial penalty is outstanding on 18 March 2026, the Authority may recover the outstanding amount as a debt owed by Wood Group and due to the Authority.

Publicity

7.6 Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

7.7 The Authority intends to publish such information about the matter to which a Final Notice relates as it considers appropriate.

Authority contacts

7.8 For more information concerning this matter generally, contact Emma Binnington at the Authority (direct line: 020 7066 5350/email: Emma.Binnington@fca.org.uk).

Ross Murdoch

Head of Department

Financial Conduct Authority, Enforcement and Market Oversight Division

<u>ANNEX A</u>

RELEVANT STATUTORY AND REGULATORY PROVISIONS

The statutory and regulatory provisions set out below are the versions that were in force during the Relevant Period.

RELEVANT LEGISLATIVE PROVISIONS

1.1 The Authority's general duties established in section 1B of the Act include the strategic objective of ensuring that the relevant markets function well and the operational objectives of protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of protection for consumers.

1.2 Section 91 of the Act:

"(1) If the [Authority] considers that—

(a) an issuer of listed securities, or

(b) an applicant for listing,

has contravened any provision of listing rules, it may impose on him a penalty of such amount as it considers appropriate."

RELEVANT REGULATORY PROVISIONS

The Listing Rules

1.3 Listing Rule 1.3.3R – Misleading information not to be published

"An issuer must take reasonable care to ensure that any information it notifies to a RIS or makes available through the FCA is not misleading, false or deceptive and does not omit anything likely to affect the import of the information."

The Listing Principles

1.4 Listing Principle 1 – Procedures, systems and controls

"A listed company must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations."

Decision Procedures and Penalties Manual ("DEPP")

1.5 Chapter 6 of DEPP, which forms part of the Authority's Handbook, sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act.