



## JACOBS ENGINEERING GROUP INC.

### CORPORATE GOVERNANCE GUIDELINES

(As amended May 2, 2018)

#### **Role of the Board of Directors**

The primary responsibilities of the Board of Directors of the Company (the “Board”) are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company and its shareholders. The Board has delegated to the executive officers of the Company the authority and responsibility for managing the business of the Company in a manner consistent with the standards and practices of the Company in compliance with applicable law, and in accordance with any specific plans, instructions or directions of the Board.

#### **Size of Board and Frequency of Meetings**

Subject to our Certificate of Incorporation and Bylaws, the Board fixes from time to time by resolution the number of directors constituting the Board, guided by the recommendations of the Nominating and Corporate Governance Committee. The Board has five or six regularly scheduled meetings per year. Special meetings are called as necessary by the Chairman and Chief Executive Officer or the Vice Chairmen of the Board, if any, or the Lead Independent Director, and shall be called by the Chairman and Chief Executive Officer or Secretary of the Company on the written request of two or more directors.

#### **Composition of Board and Director Qualifications**

The Board must be comprised of a majority of directors who meet the criteria for independence established by the New York Stock Exchange (including without limitation those independence requirements set forth in Section 303A.01 and 303A.02 of the New York Stock Exchange listing standards).

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment takes into consideration all factors deemed relevant by the Nominating and Corporate Governance Committee, including diversity, age, gender and skills (such as financial background and skills, international background, relevant experience, etc.).

The Board should encompass individuals with diverse backgrounds and perspectives. In accordance with this guideline, the Nominating and Corporate Governance Committee will consider the diversity of viewpoints, backgrounds, experience and other demographics in evaluating and considering potential director candidates. Diversity is an important consideration in the director nomination process because the Board believes that people of different genders, experiences, ages, races and ethnic backgrounds can contribute different, useful perspectives, while collaborating effectively to further the Company’s mission. The Nominating and Corporate Governance Committee may consult with other directors and outside advisors and/or retain search firms to assist in the search for potential qualified candidates.

#### **Guidelines for Determining Director Independence**

It is expected that Board members (in that role) will exercise diligently and in good faith their independent judgment in the best interests of the Company and its shareholders as a whole, notwithstanding their other activities or affiliations.

No director qualifies as “independent” unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

In making such determination the Board shall broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director’s relationship with the Company, the Board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others.

In addition, a director will be determined by the Board to not be independent if:

- (i) The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company.
- (ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- (iii) (A) The director or an immediate family member is a current partner of a firm that is the Company’s internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm’s audit practice; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company’s audit within that time.
- (iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee.
- (v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company’s consolidated gross revenues.
- (vi) The director is an executive officer of any tax exempt organization that has received in any of the last three fiscal years, contributions from the Company in any single fiscal year which exceeds the greater of \$1 million or 2% of such tax exempt organization’s consolidated annual gross revenues.

As used in these guidelines, an “immediate family member” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home. “The Company” means Jacobs Engineering Group Inc. and all of its subsidiaries.

The Board affirmatively determines the independence of directors annually, based upon the assessment made by the Nominating and Corporate Governance Committee.

## **Guidelines for Determining Director Independence for Purposes of Human Resource and Compensation Committee Service**

In affirmatively determining the independence of any director who will serve on the Human Resource and Compensation Committee, the Board must consider all factors specifically relevant to determining whether such director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a Human Resource and Compensation Committee member, including, but not limited to:

- (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and
- (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

When considering the sources of a director's compensation in determining his or her independence for purposes of Human Resource and Compensation Committee service, the Board should consider whether the director receives compensation from any person or entity that would impair his or her ability to make independent judgments about the Company's executive compensation. Similarly, when considering any affiliate relationship a director has with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company, in determining his or her independence for purposes of Human Resource and Compensation Committee service, the Board should consider whether the affiliate relationship places the director under the direct or indirect control of the Company or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his or her ability to make independent judgments about the Company's executive compensation.

## **Director and Executive Officer Stock Ownership Guidelines**

To more closely align the interests of the Company's shareholders and non-management directors, the Company's non-management directors are expected to own a significant equity interest in the Company, in the form of common stock, restricted stock or restricted stock units, within a reasonable time after initial appointment/election to the Board. The minimum ownership requirement is five times the annual cash retainer paid to non-management directors. Each non-management director is restricted from selling any shares of the Company's common stock during any period in which such director has not met the minimum ownership requirement. The foregoing restriction shall not apply to the withholding of shares by the Company to satisfy tax withholding requirements.

Similarly, the Company has established stock ownership guidelines in which the Company's senior management are expected to own Company common stock valued at between two to six times their base salary, depending upon their position in the Company. The guideline for the Chairman and Chief Executive Officer is six times his base salary, the guideline for the Executive Vice President and Chief Financial Officer and the Presidents of the Company's lines of business is three times their respective base salary and the guideline for other members of the senior management team is two times their respective base salary. The members of senior management subject to these guidelines are expected to meet or exceed these guidelines within three to five years of entering their respective positions. Each member of senior management is restricted from selling any shares of the Company's common stock during any period in which such person has not met the minimum ownership requirement. The foregoing restriction shall not apply to the withholding of shares by the Company to satisfy tax withholding requirements.

## **Code of Business Conduct and Ethics**

The Board has adopted a Code of Business Conduct and Ethics for the directors of the Company. The Code is intended to focus the Board and each director on areas of ethical risk, provide guidance to directors to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Each director must comply with the letter and spirit of this Code. The Code is reviewed annually by the Nominating and Corporate Governance Committee.

## **Conflicts of Interest**

If an actual or potential conflict of interest develops because of a change in the business operations of the Company, or in a director's circumstances, the director should report the matter immediately to the Chair of the Nominating and Corporate Governance Committee and the Chair of the Audit Committee.

If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board and excuse herself or himself from participation in the discussion and shall not vote on the matter.

## **Selection of Director Candidates**

Once potential director candidates are identified, including any candidates nominated by shareholders, the Chair of the Nominating and Corporate Governance Committee, the Lead Independent Director and the Chairman and CEO shall review the backgrounds of those candidates with the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee, is then responsible for recommending to the Board selection of director nominees. It is the Board's responsibility to nominate, and, in certain circumstances (such as to fill vacancies that may occur on the Board) to elect directors in consultation with the Nominating and Corporate Governance Committee.

## **Voting for Directors**

The Company's Bylaws provide for majority voting in the election of directors. In uncontested elections, directors are elected by a majority of the votes cast, which means that the number of shares voted "for" a director must exceed the number of shares voted "against" that director. The Nominating and Corporate Governance Committee shall establish procedures for any director who is not elected to tender his or her resignation. The Nominating and Corporate Governance Committee will make a recommendation to the Board as to whether to accept or reject the resignation, or whether other action should be taken. In determining whether or not to recommend that the Board accept any resignation offer, the Nominating and Corporate Governance Committee shall be entitled to consider all factors believed relevant by such Committee's members. If a majority of the members of the Nominating and Corporate Governance Committee were required to tender their resignations as provided above, the independent directors on the Board who were not required to tender their resignations will act as a committee to consider the resignation offers and recommend to the Board whether or not to accept them.

The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the election results. In deciding whether or not to accept the tendered resignation, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and any additional information and factors that the Board believes to be relevant. Unless applicable to all directors, the director(s) whose resignation is under consideration is expected to recuse himself or herself from such Board vote. Thereafter, the Board will promptly publicly disclose its decision regarding the director's resignation offer (including the reason(s) for rejecting the resignation

offer, if applicable). If the Board accepts a director's resignation pursuant to this process, the Nominating and Corporate Governance Committee shall recommend to the Board and the Board shall thereafter determine whether to fill such vacancy or reduce the size of the Board.

### **Term Limits; Annual Performance Evaluation**

The Board does not believe that term limits should be established. While term limits may encourage new perspectives, the Board believes that experience as a Company director is a valuable asset, especially given the size and international scope of the Company's operations.

The Board annually reviews its performance as a whole and evaluates the performance of each director, and each committee of the Board performs an annual evaluation of its members and the Committee's performance.

### **Limit on the Number of Other Board Memberships; Board Service by Executive Officers**

The non-management directors of the Company may not serve on the board of directors of more than four public companies (including service on the Company's Board). In addition, the members of the Audit Committee of the Company may not simultaneously serve on the Audit Committee of more than three public companies (including service on the Company's Audit Committee), unless the Board has determined in its business judgment that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee. The Nominating and Corporate Governance Committee reviews annually as part of the Committee's recommendations of nominees for election or re-election, each director's outside board and other relevant commitments. The Human Resource and Compensation Committee reviews any public company board memberships of our executive officers.

### **Directors Who Change their Present Job Responsibility**

Upon a significant change of a non-management director's principal current employer or principal employment, or other similarly significant change in professional occupation or association, he or she should immediately advise the Chair of the Nominating and Corporate Governance Committee of such change and offer to resign. It is not the intent of the Board that a director who offers to resign should necessarily leave the Board. The Nominating and Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the offer of resignation. Directors will also advise the Chair of the Nominating and Corporate Governance Committee of any other public or private company directorships he or she intends to accept.

### **Board Committees**

The current standing committees of the Board are Audit, Human Resource and Compensation, and Nominating and Corporate Governance. The members of these committees consist only of independent directors. The Board may form and disband new temporary or permanent committees, depending upon circumstances from time to time. The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with the requirements set forth in the committee's charter. The chair of each committee, in consultation with the committee members and management, will develop the committee's agendas, consistent with the charter for such committee.

## **Assignment of Committee Members**

The Nominating and Corporate Governance Committee is responsible for recommending to the Board the assignment of directors to the committees of the Board and the appointment of committee chairs. The Board appoints committee members and chairs of committees annually.

Both the members of a committee and the committee chairs are determined based upon the needs and factors then existing. A rotation policy with a fixed term is not mandated.

Each committee of the Board will have its own charter, which will be publicly available on the Company's website. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.

## **Attendance at Board and Committee Meetings**

Unless required by illness or other extenuating circumstances, directors are expected to attend in person all regularly scheduled Board and committee meetings and our Annual Shareholders Meeting. To the extent a director cannot attend in person a regularly scheduled Board or committee meeting, they are expected to attend by conference telephone or similar means where all participants can hear each other and participate.

## **Regular Attendance of Non-Directors at Board Meetings**

Regular attendees at Board Meetings include the Presidents of the Company's lines of business and the General Counsel and Secretary. Others may attend from time to time upon invitation, with the approval of the Chairman and Chief Executive Officer, in consultation with the Lead Independent Director.

## **Executive Sessions**

The non-management directors meet regularly in executive sessions without management present. In addition, the Board may meet in executive session with just directors or with select members of management present. Generally the Board will meet in executive session outside the presence of management at each of the regularly scheduled Board meetings. The Lead Independent Director shall chair these executive sessions with at least one per year devoted to succession planning and the performance and compensation of the Chairman and Chief Executive Officer.

## **Board Presentations**

As a general rule, written presentations on specific subjects should be distributed to Board members approximately one week in advance so that Board meeting time may be optimized and discussion time focused on questions that the Board has about the material. Management will endeavor to provide on a timely basis material that is concise, informative and clear. On those occasions in which the subject matter does not lend itself to a written presentation, the subject may be presented orally at the meeting. Whenever there is no prior distribution of presentation materials, the Chairman and Chief Executive Officer should consult with the Lead Independent Director and consider whether to contact each director by telephone in advance of the meeting to discuss the subject and the principle issues the Board will need to consider.

## **Board Access to Senior Management**

Directors have unrestricted and full and complete access to our senior management. It is assumed, however, that directors will use judgment to be sure that contact with management is not distracting to our business operations.

Furthermore, the Board encourages the Chairman and Chief Executive Officer from time to time to bring other members of management to Board meetings to provide additional insights into the items being discussed and/or to give them exposure to the Board.

## **Board Access to Independent Advisors**

The Board and its committees have access to any independent legal, financial or other advisors that the Board or the relevant committee (consistent with the provisions of its charter) deems appropriate, without consulting or obtaining the approval of any officer of the Company in advance. The Board and its committees may retain such advisors on behalf of the Company,

## **Board Interaction with the Press, Institutional Investors and Other Constituencies**

The Chairman and Chief Executive Officer, Presidents of the Company's lines of business, General Counsel and other designated management personnel speak for Jacobs in accordance with our Code of Conduct. Non-management directors should not speak individually for Jacobs unless requested by the Chairman and Chief Executive Officer, in consultation with the Lead Independent Director. The Board's policy on Media Relations is more fully set forth in its Code of Conduct.

## **Board Compensation Review**

The Board will periodically review the recommendation of the Nominating and Corporate Governance Committee and, based thereon, will determine the form and amount of director compensation consistent with the Board's goal of securing and retaining the highest quality members. The Board and the Nominating and Corporate Governance Committee shall consider that questions as to directors' independence may be raised (1) if directors' fees and emoluments exceed what the Committee believes is customary, (2) if the Company makes substantial charitable contributions to organizations in which a director is affiliated, or (3) if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or the family member of a director. Directors' retainer compensation are a combination of cash and common stock (including restricted stock units and/or restricted stock) in order to align the directors' interests with those of shareholders. Directors may elect to defer some or all of their retainer compensation pursuant to plans approved by the Nominating and Corporate Governance Committee.

Directors may not receive any other direct or indirect compensation from Jacobs without prior approval by the Board, other than the ordinary course reimbursement of the director's out of pocket expenses.

## **Orientation for New Directors and Continuing Education**

All new directors must participate in the Company's orientation program for new directors, which includes presentations on our corporate structure and organization, business units, strategic plan, significant financial, accounting and risk management matters, and other key policies and practices. The Board recognizes the importance of director continuing education and is committed to provide such education in order to enhance both Board and committee performance. The Company regularly provides education programs, presentations and briefings on topics relevant to the Company, its business and risk

profile. In addition, each year the Board schedules a third-party provided educational program to be provided to Board on matters relevant to the Company or relating to duties and responsibilities of directors. Directors are also encouraged to attend, at the Company's expense, at least one outside educational program each year on any subjects pertaining to the Directors' responsibilities such as "directors' colleges".

### **Selection of the Chairman and Chief Executive Officer**

The Board is free to make its choice for Chairman and for Chief Executive Officer in any manner after consideration of relevant factors at the time of the decision. Therefore, the Board does not have a policy on whether or not the positions of Chairman and Chief Executive Officer should be separate, or whether or not the Chairman should be an officer of Jacobs. In a process led by the Lead Independent Director and the Chair of the Nominating and Corporate Governance Committee, the Board evaluates the appointment and role of the Chairman on an annual basis.

### **Formal Evaluation of the Chairman and Chief Executive Officer**

In a process led by the Chair of the Human Resource and Compensation Committee, in collaboration with the Lead Independent Director and Chair of the Nominating and Corporate Governance Committee, the Chairman and Chief Executive Officer is formally evaluated on an annual basis and the evaluation will be shared with the non-management directors. After receiving feedback from the non-management directors, the Chair of the Human Resource and Compensation Committee and the Lead Independent Director will review the evaluation with the Chairman and Chief Executive Officer. The evaluation is based upon objective criteria including the performance of Jacobs and the Chairman and Chief Executive Officer's achievement of goals previously approved by the Human Resource and Compensation Committee. The evaluation will be used by the Human Resource and Compensation Committee in determining the compensation of the Chairman and Chief Executive Officer and for other relevant matters.

### **Succession Planning**

The Chairman and Chief Executive Officer reports annually, first to the Human Resource and Compensation Committee, and then to an Executive Session of the Board, on succession planning for executive officers of the Company (other than the Chairman and Chief Executive Officer).

The Chairman and Chief Executive Officer will also make available, on a continuing basis, his or her recommendations concerning who is qualified to assume the role(s) of Chairman and Chief Executive Officer in the event the Chairman and Chief Executive Officer becomes unable to perform his or her duties.

### **Roles of Chairman and Chief Executive Officer**

The duties and responsibilities of the Chairman and Chief Executive Officer shall include the following:

- Establishing a strategic plan for the Board and management which is focused on strategic matters, is forward looking, and evaluates/oversees the Company's current business;
- Overseeing the process by which directors receive accurate and timely information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company;

- Maintaining a proper process, in consultation with the Lead Independent Director, to support compliance with the Board’s policies on matters reserved to the Board for consideration;
- Proposing meeting agendas for the Board and executive sessions in collaboration with the Lead Independent Director;
- Presiding over Board meetings in a manner that encourages participation and information sharing while moving the Board toward timely closure and prudent decision-making;
- Meeting at least quarterly with the Lead Independent Director to review Board operations and potential issues;
- Attending meetings of committees of the Board as a non-voting member; and
- In consultation with the Lead Independent Director, developing the Board’s knowledge and capabilities by making continuing education opportunities available to directors.

### **Lead Independent Director**

The Board will have a Lead Independent Director, to be designated by the Board from among the non-management directors, to serve in a lead capacity to coordinate the activities of the other non-management directors and to perform such other duties and responsibilities as the Board may determine. The specific responsibilities of the Lead Independent Director when acting as such shall include the following:

- Serving as the independent directors’ central point of communication with the Chairman and Chief Executive Officer and working with the Chairman and Chief Executive Officer to support appropriate compliance with Board policies;
- Proactively engaging with the Chairman and Chief Executive Officer as a key advisor on emerging issues and alternative courses of action;
- Staying up-to-date about the organization and determining when an issue needs to be brought to the attention of the full Board or a committee;
- Presiding at meetings of the Board at which the Chairman and Chief Executive Officer is not present, including executive sessions of the independent directors, and advising the Chairman and Chief Executive Officer on decisions reached and suggestions made during any session where he or she is not present;
- Setting and approving the schedule of Board meetings and meeting agendas, working with the Chairman and Chief Executive Officer;
- Calling meetings of the independent directors;
- Working with the Nominating and Corporate Governance Committee and the Chairman and Chief Executive Officer on the Board succession and refreshment process, including interviewing director candidates and making recommendations to the Nominating and Corporate Governance Committee and the Board;
- If requested by significant shareholders, being available for consultation and direct communication;

- Working with the Human Resource and Compensation Committee and the Chair of the Nominating and Corporate Governance Committee on the evaluation of the performance and compensation of the Chairman and Chief Executive Officer;
- Maintaining an effective and balanced Board dynamic and leading the evaluation of individual directors in consultation with the Chair of the Nominating and Corporate Governance Committee; and
- Meeting with various Company constituencies on behalf of the Board or the Company.

The Nominating and Corporate Governance Committee leads the process of the Board's evaluation of the selection, role and term of the Lead Independent Director on an annual basis.

### **Review of Guidelines**

The Board is responsible for maintaining our corporate governance guidelines. The Nominating and Governance Committee reviews the guidelines annually and reports to the full Board on the committee's findings and recommendations. If necessary, the guidelines will be revised and updated by the full Board based upon the recommendations of the Nominating and Governance Committee.