

**JACOBS ENGINEERING GROUP INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**Role of the Board of Directors**

The primary responsibilities of the Board of Directors are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company's shareholders. The Board has delegated to 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, 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 currently has 11 members, of which 2 are not independent. The Board has six regularly scheduled meetings per year. Special meetings are called as necessary.

**Composition of Board**

The Board is to be comprised of a majority of independent directors. The Board is divided into three classes, and the terms of each class are classified so that only one class is elected each year.

**Guidelines for Determining Director Independence**

It is expected the 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, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) 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 herein, 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.

### **Board Membership Criteria**

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 issues of diversity, age and skills (such as financial background and skills, international background, etc.). The Board should encompass individuals with diverse backgrounds and perspectives. Men and women of different ages, races and ethnic backgrounds can contribute different, useful perspectives, and can work effectively together to further our mission.

## **Selection of New Director Candidates**

The Nominating and Corporate Governance Committee, is responsible for recommending to the Board selection of directors. 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.

## **Voting for Directors**

The Board has amended the Company's Bylaws to 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**

The Board does not believe that term limits serve the interest of Jacobs. While term limits may encourage fresh ideas and perspectives, they would necessarily deprive the Board of the contributions of directors with greater knowledge and understanding of our business. As an alternative to term limits, the Board annually reviews its performance as a whole and the performance of each director who is then standing for re-election. In addition, each committee performs annual evaluations of its 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 five public companies. In addition, the members of the Audit Committee of the Company may not serve on the Audit Committee of more than three public companies. The Nominating and Corporate Governance Committee reviews periodically, and as part of the Committee's recommendations of nominees for election or re-election reviews, each director's

outside board commitments. The Human Resource and Compensation Committee reviews any board memberships of our executive officers.

## **Committees**

The current standing committees 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 appropriate member of the committee and management, will develop the committee's agenda.

## **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/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 in every instance the directors who offer to resign should necessarily leave the Board.

## **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, within a reasonable time after initial appointment/election to the Board. The minimum ownership requirement is three times the Annual Cash Retainer paid to non-management directors. Ordinarily, five years will be deemed a reasonable time period to meet these guidelines.

## **Assignment and Rotation of Committee Members**

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

The Board, directly and through its Audit Committee, provides oversight to the integrity of the financial statements of the Company; the independent accountants' qualifications and independence; the performance of the Company's internal audit function and independent accountants; and the compliance by the Company with legal and regulatory requirements.

The Human Resource and Compensation Committee, on behalf of the Board, evaluates and determines the compensation of the Company's executive officers; reviews the Company's key strategic and operational human resource issues and succession planning processes; oversees compensation and benefit plans, policies and programs of the Company; administers the equity-based incentive compensation plans of the Company; and considers from time to time and, when appropriate, makes recommendations to the Board as to the development and succession plans for the senior management of the Company.

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.

## **Attendance**

Directors are expected to attend in person all regularly scheduled Board and Committee meetings and to participate telephonically when they are unable to attend in person. Directors are expected to attend our Annual Shareholders Meeting.

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

Regular attendees at each Board Meeting include the Executive Vice Presidents, the General Counsel and the Secretary. Others may attend from time to time upon invitation, with the approval of the Chairman and the President and Chief Executive Officer.

## **Executive Sessions**

The non-management directors meet regularly in Executive Session without management present. Opportunities for these sessions are available before or after each regularly scheduled Board meeting. Generally the Board will meet in Executive Session at the six regularly scheduled Board meetings. The chair for each session shall rotate annually between the chairs of the three Board committees, Nominating and Corporate Governance, Audit, and Human Resource and Compensation. At least one Executive Session per year is devoted to succession planning and Chairman and President and Chief Executive Officer performance and compensation.

Formal deliberations or decisions concerning the business and affairs of Jacobs occur only during regular or special meetings of the Board and not at Executive Sessions.

## **Board Presentations**

The Chairman and the President and Chief Executive Officer establish the agenda for each Board meeting, although other Board members are free to suggest items for inclusion on the agenda. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. As a general rule, written presentations on specific subjects are sent to Board members approximately one week in advance so that Board meeting time may be conserved 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 the President and Chief Executive Officer may elect 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 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 the President 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 advisors that the Board or the relevant committee (consistent with the provisions of its charter) deems appropriate.

## **Board Compensation Review**

Changes in Board compensation are made at the recommendation of the Nominating and Corporate Governance Committee, but with full discussion and approval by the Board.

Directors' retainer compensation are a combination of cash and common stock in order to align the directors' interests with those of shareholders. Directors may elect to defer some or all of the cash component.

Directors may not receive any other direct or indirect compensation from Jacobs without prior approval by the Board.

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

We provide orientation for new directors on our corporate structure and organization, business units, strategic plan, significant financial, accounting and risk-management issues, internal auditors and independent auditors, governance policies, code of conduct, vision and mindset, and other key policies and practices. We provide and encourage continuing education opportunities for directors on matters relevant to the Company, its business and risk profile and any other subject that would assist them in discharging their duties.

## **Succession Planning**

The President 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 the President and Chief Executive Officer).

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

## **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.

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

The Human Resource and Compensation Committee formally evaluates the Chief Executive Officer annually and reviews the evaluation with the non-management directors. After receiving

feedback from them, the chair of the committee reviews the evaluation with the Chairman and, if separate, the Chief Executive Officer. The evaluation is based upon objective criteria including the performance of Jacobs and the Chief Executive Officer's achievement of goals previously approved by the Human Resource and Compensation Committee. The evaluation is used by the Human Resource and Compensation Committee in determining the compensation of the Chief Executive Officer.

### **Annual Evaluation of the Board**

The Board and its committees formally conduct annual self-evaluations to assess and enhance their effectiveness.

### **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.

### **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 either to the Chair of the Nominating and Corporate Governance Committee or 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.

### **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.

### **Board Interaction with Institutional Investors and the Press**

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

### **Presiding Director**

The Board considers it to be useful and appropriate to designate a non-management director 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 Presiding Director when acting as such shall be as follows:

- (i) Preside at Board Meetings when both the Chairman and the President and Chief Executive Officer are not present;
- (ii) Provide the Chairman and the President and Chief Executive Officer with input as to the preparation of the agendas for the Board of Directors meetings and Board Committee meetings;
- (iii) Advise the Chairman and the President and Chief Executive Officer as to the quality, quantity and timeliness of the information submitted by the Company's management that is necessary or appropriate for the non-management directors to effectively and responsibly perform their duties;
- (iv) Develop the agendas for and serve as Chair of the executive sessions of the Board's non-management directors;
- (v) Serve as principal liaison between the non-management directors and the Chairman and the President and Chief Executive Officer on sensitive issues;
- (vi) Together with the Chairman and the President and Chief Executive Officer, and the Chair of the Nominating and Corporate Governance Committee, take a lead role in the board evaluation process.

The Nominating and Corporate Governance Committee is responsible for recommending to the Board appropriate procedures for the selection of the Presiding Director and advising the Board on the appropriate term and duties of the Presiding Director as may need to be amended or changed from time to time.