



**Survived Covid-19**

<b>Company/ASX Code</b>	Worley Ltd/WOR
<b>AGM date</b>	Wednesday 3 November 2021
<b>Time and location</b>	10am AEDT Virtual meeting
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Gary Barton assisted by Mike Batchelor
<b>Pre AGM Meeting</b>	Yes, with Chair John Grill, Directors Thomas Gorman and Emma Stein

Please note any potential conflict as follows: The individual involved in the preparation of this voting intention have a shareholding in this company.

<b>Item 1</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

**Summary of ASA Position**

**Financial performance**

Worley’s revenue decreased this year to \$9.5 billion (2020 \$13.1 billion) down 27% which was offset by expenses being down 27%. Statutory net profit decreased to \$85 million (2020 \$188 million) down 55%. EBITDA decreased to \$324 million (2020 \$498 million) down 35%. Earnings per share decreased to 16.5 cents (2020 32.8 cents) down 50%.

The dividend per share of \$0.50 per share remained unchanged from last year. However, earnings per share were only \$0.165 per share, a pay-out ratio of 303%. The company paid out on underlying profit. The total shareholder return increased to 41%.

The net cash available to the company was like last year at \$490 million (2020 \$493 million).

A further significant drop in oil prices is likely to lead to a major cut in capital expenditure and limit new projects in the oil and gas sector. The hydrocarbons sector comprises over 50% of Worley's current operating revenue. Also, a further downturn in resources project activity would significantly reduce revenue and earnings.

We note that Worley has swung aggressively to sustainability services, basically assisting its clients reduce emissions, deriving some 32% of its revenues from this sector in FY21.

**Governance and culture**

The Board of Worley is well balanced with nine independent directors, with a range of lengths of service and appropriate diversity. The Board Skills Matrix in the Governance Report shows good coverage of required skills and experience but is deficient in that it does not identify which

directors have which skills. We comment below on the skills and experience of the director's seeking election. One new director was appointed and three directors seeking re-election.

There is a good Sustainability Report included in the Annual Report ([WOR Sustainability Report.pdf \(quoteapi.com\)](#)) with several specific targets laid down. They commit to a 50% reduction of our Scope 1 and Scope 2 emissions by 2025. Also, have committed to set a science-based target to reach net zero Scope 3 emissions by 2050. Worley are part of the Business Ambition for 1.5°C campaign. This year, they have integrated climate risk into business their strategy development process.

They have an Ethical Supply Chain and Modern Slavery Statement which includes a supply chain risk assessment and due diligence process.

Finally, Worley has a good diversity on the board with four women and six men, senior management has 16% women with a target to increase to 20%. Women make up 46% of new graduates hired this year.

### **Key events**

#### **Covid**

The Covid 19 crisis affected the company both in Australia and overseas operations. It did not receive government support in Australia during the crisis. Worley received small government support in some overseas countries.

Many staff were able to work remotely during the crisis, a limited number of staff were able to work on-site during the crisis.

### **Summary**

(As at FYE)	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
NPAT (\$m)	85.0	188.0	151.9	62.2	33.5
UPAT (\$m)	206	351	259.8	182.0	135.0
Share price (\$)	11.90	8.77	14.71	17.63	11.22
Dividend (cents)	50	50	27.5	25	0
Simple TSR (%)	41	(37)	(9.8)	58	56.3
EPS (cents)	16.5	32.8	36.4	22.6	13.4
CEO total remuneration, actual (\$m)	5.695	9.078	8.927	4.391	1.803

For 2021, the CEO's total actual remuneration was **40.7 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Note - For May 2021, the Full-time adult average weekly total earnings (annualised, original) was \$93,444 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

<b>Item 2(a)</b>	<b>Re-election of Andrew Liveris as a Director</b>
<b>ASA Vote</b>	<b>For</b>

Andrew was appointed to the Board effective 5 September 2018. He is the Deputy Chair, Lead Independent Director and a member of the Health, Safety and Sustainability Committee, the People and Remuneration Committee and the Nominations Committee.

He is a Chartered Engineer and a Fellow of the Institution of Chemical Engineers, as well as a Fellow of the Australian Academy of Technological Sciences and Engineering (now Australian Academy of Technology and Engineering). He earned a bachelor's degree (first class honors) in Chemical Engineering from the University of Queensland and was awarded the University Medal for that year.

Andrew is a resident of Australia and United States of America. Also, he is a director of IBM, Saudi Aramco, The Minderoo Foundation Pty Ltd, a modern philanthropic organization that affects social change, and NOVONIX Limited, a company supporting lithium-ion battery technologies.

<b>Item 2(b)</b>	<b>Re-election of Thomas Gorman as a Director</b>
<b>ASA Vote</b>	<b>For</b>

Thomas was appointed to the Board effective 18 December 2017. He is Chair of the People and Remuneration Committee and a member of the Health, Safety and Sustainability Committee and the Nominations Committee.

Thomas graduated, cum laude, from Tufts University with degrees in Economics and International Relations, obtained an MBA, with distinction, from Harvard Business School, and an MA in International Relations from The Fletcher School of Law and Diplomacy at Tufts University. Thomas is a resident of United States of America.

Thomas is a director of Orora Limited, Sims Limited and Alcoa Corporation.

Tom has more than the minimum shareholding requirement as a director.

<b>Item 2(c)</b>	<b>Election of Emma Stein as a Director</b>
<b>ASA Vote</b>	<b>For</b>

Emma was appointed to the Board effective 10 December 2020. She is a member of the People and Remuneration Committee and the Nominations Committee.

Emma holds tertiary qualifications in Science from the University of Manchester and a Master of Business Administration (MBA) from Manchester Business School. Emma is an Honorary Fellow of the University of Western Sydney and a Fellow of the Australian Institute of Company Directors. Emma is a resident of Australia.

Emma currently serves as a non-executive director of Adbri Limited and Iberdrola Australia Limited.

Emma has more than the minimum shareholding requirement as a director.

<b>Item 2(d)</b>	<b>Re-election of Anne Templeman-Jones as a Director</b>
<b>ASA Vote</b>	<b>For</b>

Anne was appointed to the Board effective 1 November 2017. She is Chair of the Audit and Risk Committee and a member of the Nominations Committee.

Anne has a master's in risk management from the University of New South Wales, an Executive MBA from the AGSM at the University of New South Wales, and a Bachelor of Commerce from the University of Western Australia. She is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors. Anne is a resident of Australia.

Anne is Chair of Blackmores Limited and non-executive director of Commonwealth Bank of Australia and Cyber Security Cooperative Research Centre.

<b>Item 3</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Other than Karen Sobel, the KMPs did not receive an increase in fixed pay or variable opportunity level in 2021.

The company has structured the remuneration framework to a three-stage variable component, a Short-Term Incentive (STI) which is a cash award paid for annual performance. CEO: 100% of fixed salary (target); Other KMP (typical): 80% of fixed salary (target). The maximum STI opportunity increased to 200% of target (previously 150%). The STI focuses executives on delivering key financial (60%), health, safety, and sustainability (10%) and strategic (30%) priorities relevant to the financial year.

The Deferred Equity Plan (DEP) is delivered in equity rights, progressively converting to shares in equal tranches over years 2 and 3. CEO: 50% of fixed salary Other KMP: 40% of fixed salary, with 50% vesting at the end of year 2 and 50% at the end of year 3. The DEP was introduced to reward executives for strategy execution over the medium term. This is different from the way companies operate in Australia.

The scorecard of key performance indicators is a 70% weighting of growth in value from services provided to customer projects delivering a sustainability benefit for the customer consistent with Worley's strategy. This will be measured through growth in gross margin from these projects. Secondly, a 30% weighting of delivering enhanced capabilities and solutions consistent with Worley's strategy to help customers achieve their sustainability goals in line with a Board-approved plan.

The Long-Term Incentive (LTI) is delivered in performance rights, with vesting at 4 years (3-year performance condition plus additional 1 year holding lock), CEO: 85% of fixed salary, other KMP (typical): 60% of fixed salary. The scorecard is to reward staff for sustainable long-term growth in shareholder value measured through relative TSR and EPS growth.

Worley has set robust minimum shareholding requirements for both executives and non-executive directors. The CEO: 400% of fixed pay, Other KMP: 200% of fixed pay, NED's: 100% of annual base fee.

The ASA will be voting for the remuneration report for the following reasons:

- Total shareholder value has increased this year to over 40%
- The share price has increased during the year.
- A dividend of \$0.50 was paid,
- The short-term incentive (STI) of 200% is being reduced to 150% in 2022.

<b>Item 4</b>	<b>Grant of deferred equity rights to Robert Christopher Ashton</b>
<b>ASA Vote</b>	<b>For</b>

The number of deferred equity rights proposed to be granted to Mr Ashton is 112,796. This number has been determined by dividing 70% of his fixed pay as of 1 July 2021 by the volume weighted average price (VWAP) of shares over the 10 trading days immediately following the day on which the Company released its financial results for FY2021, \$10.55 (that is, \$1,700,000 x 70% / \$10.55 = 112,796 deferred equity rights). The rights were valued using a simple face value methodology and accordingly no independent valuation was obtained.

The grant of deferred equity rights will have a performance hurdle which must be achieved before any equity rights vest (become available) to Mr Ashton. The performance hurdle aligns with the Company's strategy, reflects the transformation of the business, and is designed to drive the right behaviours.

<b>Item 5</b>	<b>Grant of long-term performance rights to Robert Christopher Ashton</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

A performance hurdle of relative total shareholder return (TSR) hurdle this must be satisfied for the first tranche of 92,654 long-term performance rights (TSR Tranche) to vest. The second tranche of 92,654 long-term performance rights (EPS Tranche) will be subject to an earnings per share (EPS) growth hurdle.

The TSR measure represents the change in the capital value of a listed entity's share price over a four-year period, plus reinvested dividends, expressed as a percentage of the opening value. For FY2022, relative TSR will be measured against two separate comparator groups. A core peer group of companies (weighted 80%) that compete against Worley for customers, people and projects. These are Aker Solutions, Fluor Corp, KBR, Petrofac, SNC Lavalin, Technip Energies and Wood. Secondly, a comparator group (weighted 20%) consisting of AECOM, Arcadis, Jacobs, Parsons, Stantec, Sweco, Tetra Tech and WSP Global.

The EPS measure is determined by dividing the Group underlying net profit after tax and amortizations (NPATA) by the weighted average number of shares during the financial year. Growth in EPS will be measured by comparing the EPS for the financial year immediately

preceding the issue of the long-term equity, to the annual compound growth in EPS over the performance period.

The number of long-term performance rights proposed to be granted to Mr Ashton is 185,308. That number has been determined by dividing 115% of his fixed pay as of 1 July 2021 by the volume weighted average price (VWAP) of shares over the 10 trading days immediately following the day on which the Company released its financial results for FY2021, \$10.55 (that is,  $\$1,700,000 \times 115\% / \$10.55 = 185,308$  long-term performance rights).

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## Appendix 1

### Remuneration framework detail

CEO rem. Framework for 2021	Target* \$m	% Of Total	Max. Opportunity \$m	% Of Total
Fixed Remuneration	1.7	30%	1.700	23%
STI - Cash	1.7	30%	3.400	46%
STI – Equity (Deferred Equity Plan)	.85	15%	0.850	11%
LTI	1.445	25%	1.445	20%
Total	5.695	100.0%	7.395	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

\*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.