



## Emerging from Covid-19

<b>Company/ASX Code</b>	Worley Limited WOR
<b>AGM date</b>	Friday 21 October 2022
<b>Time and location</b>	10am AEDT Christie Spaces, Level 4, 100 Walker St, North Sydney
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Physical, webcast
<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, online with Chair John Grill, Director Emma Stein and Investor Relations Manager Verona Preston

Monitor Shareholding: The individual involved in the preparation of this voting intention has a shareholding in this company.

### Summary of issues for meeting

Whilst growth was up to 2021 with revenue increasing 2% to \$9.7b, the concern is return on invested capital is below the weighted average cost of capital. The remuneration report still has some difficulties with incentives being geared to the American model. Environmental issues remain a constant threat.

### Proposed Voting Summary

No.	Resolution description	
2	a) Re-election of John Grill as a Director	For
	b) Re-election of Roger Higgins as a Director	For
	c) Re-election of Sharon Warburton as a Director	For
	d) Re-election of Juan Suarez Coppel as a Director	For
3	Adoption of Remuneration Report	For
4	Grant of deferred equity rights to Robert Christopher Ashton	For
5	Grant of long-term performance rights to Robert Christopher Ashton	For
6	Appointment of external auditor	For
7	Approval of leaving entitlements	For
8	Renewal of proportional takeover provisions	For

## Summary of ASA Position

### Consideration of accounts and reports - No vote required

#### Governance and culture

Worley has a large board with eleven directors of which four are up for re-election. In addition to the material in the Annual Report they have published substantial Governance and Sustainability reports. The company has adopted firm targets for environment and diversity achievements.

The Board Skill Matrix in the Governance statement was confusing. It failed to identify which directors have which skills, which would make determining the vote for the individual directors easier.

#### Financial performance

Revenue increased by 2% to \$9.7b with increases among the three main operating segments but the geographical segments indicated that Europe, Middle East and Africa had a decline (Ukrainian conflict had a large impact). Worley has ceased trading in Russia mainly due to the Ukrainian conflict.

The company has increased its backlog to \$15.4b up \$1.3b from 2021. A downturn in the world economy and a decrease in the oil price, will have an impact of future work being performed. The company's reliance from hydrocarbons is under 40% of revenue (down from 62%).

The Balance Sheet is strong, the share price has grown with a TSR of 23.3% and dividends remained the same at \$0.50 per share.

#### Key Board or senior management changes

Emma Stein has replaced Thomas Gorman as Chair of the People and Remuneration Committee.

Tiernan O'Rourke was appointed to replace Charmaine Hopkins as Chief Financial Officer of the Group.

Mark Brantley has been appointed to lead Europe, Middle East Africa and Asia Pacific following the resignation of Vinayak Patel.

Mark Trueman has replaced Karen Sobel who is retiring. Mark will lead the Americas business.

#### Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m)	172	82	158	152	62
UPAT (\$m)	258	202	338	239	171
Share price (\$)	14.16	11.90	8.77	14.71	17.63
Dividend (cents)	50	50	50	27.5	25
Simple TSR (%)	23	41	(37)	(10)	58
EPS (cents)	32.8	15.7	30.3	36.4	22.6
CEO total remuneration, actual (\$m)	4.158	5.695	9.078	8.927	1.803

For 2022, the CEO's total actual remuneration was **43.6 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Note - For May 2022 the Full-time adult average weekly total earnings (annualised, original) was \$95,430 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

### **Election or re-election of directors**

Each of John Grill, Roger Higgins, Juan Suárez Coppel and Sharon Warburton will retire by rotation at the end of the AGM in accordance with the Company's Constitution and offer themselves for re-election. They are all well qualified with extensive relevant experience and we intend to vote for each of them. We will ask for each director to speak and confirm their workload is not excessive

The Worley board is made up of eleven directors, one director, John Grill is considered non independent. There are four women on the board which is 36% representation.

Resolution 2 (a) is the re-election of John Grill. John was appointed to the Board effective 1 March 2013. He is Chair of the Board and Chair of the Nominations Committee, a member of the People and Remuneration Committee and a member of the Health, Safety and Sustainability Committee. John has over 40 years' experience in the resources and energy industry.

John is also Chairman of the Mindgardens Neuroscience Network - a partnership between the Black Dog Institute, Neuroscience Research Australia (NeuRA), South Eastern Sydney Local Health District (SESLHD) and the University of New South Wales.

Resolution 2(b) - Roger Higgins. Roger was appointed to the Board effective 20 February 2019. He is Chair of the Health, Safety and Sustainability Committee and a member of the Nominations Committee. Roger's experience is in mining and operation

Roger is a non-executive director of three other companies.

Resolution 2(c) - Sharon Warburton. Sharon was appointed to the Board effective 20 February 2019. She is a member of the Audit and Risk Committee and the Nominations Committee. Sharon has predominantly worked in the construction, mining and infrastructure sectors. She is a Chartered Accountant with experience in strategy and accounting.

Sharon is a member of four other boards, one of which she is the Co-Deputy Chairman.

Resolution 2(d) - Juan Suárez Coppel. Juan was appointed to the Board effective 27 May 2019. He is a member of the Audit and Risk Committee and the Nominations Committee. Juan has extensive experience in energy and resources in the Americas.

### **Adoption of Remuneration Report and approval of equity grants to CEO, Mr Ashton**

We intend to vote proxies for the Remuneration Report and equity grant motions. There is a more complete analysis in the attached Appendix. The Worley remuneration framework is different from other Australian companies with the Short-term incentive (STI) being paid in cash immediately and a deferred equity plan (DEP) paid over years two and three. The long-term incentive (LTI) is vested over four years. This is based more on the American model where most of the company's employees are based. The ASA would like more of the STI paid in equity.

## **Approval of Leaving Entitlements**

The company is seeking shareholder approval of a three-year period to be effective:

- In relation to any equity granted under the PR plan or other equity plan.
- In relation to any termination benefit paid or granted.
- If the board (or its delegates) exercise discretions outlined in cessation.
- If a relevant person seeks employment with the Group.

## **Renewal of Provisional Takeover Provisions**

The company is seeking shareholder renewal of provisional takeover provisions for a further three-year period. We have no issue with this renewal.

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## Appendix 1

### Remuneration framework detail

CEO rem. Framework for FY23	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.70	26%	1.70	23%
STI - Cash	1.70	26%	2.55	35%
STI - Equity	1.19	18%	1.19	16%
LTI	1.95	30%	1.95	26%
Total	6.54	100.0%	7.39	100%

Worley changed the STI plan in 2022 as follows:

- A business scorecard comprising KPIs that apply to all executives
- A consistent focus on financial KPIs at 60%, with greater focus on ESG at 20% (previously 10%)
- Individual scorecards comprising the 'what' (outcomes) and 'how' (HSS leadership and behaviours).
- Rewards differentiated for individual performance

Chris Ashton achieved an STI outcome of 97.5% which resulted in a cash pay component of \$1,626m. Other executives achieved STI outcomes from 66.8 to 102.4%.

The DEP, payable over 2 years, has a weighting of 70% in growth in value from sustained sustainability projects. A weight of 30% applies to deliver enhanced capabilities and solutions on two actions. Firstly, complete strategy development by June 2021 and deliver outcomes by June 2022 in line with board expectations. Secondly, embed sustainable solutions process with customers. Apply on large and mega projects, and new projects with moderate or high-risk levels for operational carbon emissions in FY2022.

The number of shares proposed to be granted to Mr Ashton is 90,672. The calculation is based on a simple face value methodology.

The LTI is measured over EPS with a compound annual growth rate (CAGR) of 4%. They achieved a 0.3% CAGR. This results in nil vesting. A relative TSR against a world basket of like companies. With a scaled vesting from 50% to 75%. Worley ranked in the 35<sup>th</sup> percentile which resulted in nil vesting.

The number of performance rights to be granted to Mr Ashton is 148,962. This is based on a simple face value methodology.

Mr Ashton has 437,655 shares in the company.