

23 October 2020

ASX release

WORLEY LIMITED (WORLEY)

(ASX: WOR)

AGM addresses

The following addresses will be delivered today at the 2020 Annual General Meeting:

- Chairman's Address – Mr John Grill
- Chief Executive Officer's Address – Mr Chris Ashton
- People and Remuneration Committee Chairman's Address – Mr Thomas J. Gorman

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About Worley: Worley is a global company headquartered in Australia and our purpose is delivering a more sustainable world. Worley is a leading global provider of professional project and asset services in the energy, chemicals and resources sectors. As a knowledge-based service provider, we use our knowledge and capabilities to support our customers to reduce their emissions and move towards a low carbon future.

Worley Limited is listed on the Australian Securities Exchange (ASX: WOR).

2020 Annual General Meeting

Chairman's address

As we gather for this meeting physically dispersed and virtually constructed I would like to acknowledge the Traditional Owners of the lands on which we all meet today.

For me here in this place we now call North Sydney it is the Cammeraygal of the Eora Nation.

We acknowledge the Elders – past, present and emerging of all the lands we work and live on, and extend that respect to other Aboriginal and Torres Strait Islander people present.

This year is an important milestone in our history. Financial year 2020 was our first full year operating as the new Worley, and we have many achievements to celebrate.

Worley has grown from humble Australian beginnings into a leading global provider of professional project and asset services in the energy, chemicals and resources sectors. Worley is one of Australia's largest exporters of knowledge-based services. No other Australian company has a comparable global leadership position in the sectors in which we operate.

This year, we successfully integrated the Energy, Chemicals and Resources division or the "ECR" business of the Jacobs Engineering Group, delivering cost and revenue synergies beyond those we identified pre-acquisition. We increased our revenue, improved underlying EBITA margin and significantly increased our operating cash flow compared with financial year 2019. Our more diversified business has demonstrated earnings resilience in the face of the economic circumstances resulting from the COVID-19 pandemic. We laid the foundation for our future and we are now fast-tracking our transformation.

I would like to take this opportunity to thank Andrew Wood, who stepped down as CEO in February and left the company in July. I've worked closely with Andrew over many years and I wish him and his family all the best for his retirement. His long and distinguished career with us spanned 26 years including 17 years on overseas assignments.

He was appointed Group Managing Director – Finance / CFO in 2011 and was then appointed CEO in 2012. Andrew has made an enormous contribution to the growth of Worley. He led the company-defining acquisitions of Parsons E&C Corporation in 2004, Colt Group in 2007 and ECR in 2019. Andrew's contribution has been fundamental in shaping the company we are today.

I would also like to take this opportunity to formally introduce and welcome our new CEO Chris Ashton who you will have the opportunity to hear from after my address.

Chris became CEO and Managing Director of Worley and a member of the Board on 24 February 2020. Chris has been with Worley since 1998 and has held many leadership roles including Chief Operating Officer, where he was responsible for the integration of ECR. I'm looking forward to continuing to work with Chris as we accelerate our transformation.

There have also been changes to the Board this year. It's important that our Board members' knowledge and expertise are aligned with Worley's strategy and global reach. Your directors have invaluable and relevant skills coupled with unrivalled leadership experience.

In February this year Andrew Liveris took up the new position of Deputy Chairman and we welcomed Martin Parkinson. Martin served as inaugural Secretary of the Department of Climate Change before becoming Secretary of the Treasury and, later Secretary of the Department of the Prime Minister and Cabinet. Martin has extensive advisory experience having served the Australian Government and Prime Ministers on economic, social, foreign, defence and national security policies for almost 40 years.

And having served for over eight years as Chairman of the Health, Safety and Sustainability Committee, and currently serving as Lead Independent Director, Chris Haynes will be stepping down from these positions. Chris will continue serving on the Board and will seek re-election at today's meeting.

I am pleased to advise that Andrew Liveris will take on the additional responsibilities of Lead Independent Director while remaining Deputy Chairman, and Roger Higgins will take on the responsibilities as Chairman of the Health, Safety and Sustainability Committee.

I'd like to highlight that this year, we formalized Board-level governance over the sustainability program following a change in charter and name from the Health, Safety and Environment committee to the Health, Safety and Sustainability committee. In addition, the responsibilities of the People and Remuneration Committee, formerly the Remuneration Committee, were expanded to include People strategy and policies.

The Board would like to introduce Emma Stein who, it's our intention, will be appointed as an independent non-executive director to fill a casual vacancy on the Board on 10 December 2020. Since 2003, Emma has worked as a non-executive director for listed ASX 200 companies, and private and government-owned companies in Australia and New Zealand. The sectors she has worked in include upstream oil and gas, power, energy retailing and utilities, mining and resources, water and waste, engineering and industrial services companies. Emma Stein was introduced to us by Dar Group, to act as an independent director of Worley but not as a representative of Dar Group. The Board has satisfied itself that Emma is well-equipped to represent the interests of all shareholders as an independent non-executive director. The Board is confident that Emma will make a valuable contribution to Worley and is a high-quality candidate with a proven track record as a listed company independent non-executive director whose skills and qualifications complement those of the existing Board.

Our intention to appoint Emma as an independent non-executive director is consistent with my AGM address in 2019 and demonstrates progress with Worley's relationship with Dar Group.

I'd now like to address our response to the COVID-19 pandemic.

The current economic circumstances have led to a rapidly changing environment for our business. We were agile in our response and acted early to protect our people, to maintain financial and operational integrity, and to support our customers and communities.

We continued to successfully deliver projects and provide services to support our customers with most of our office-based people working from home. We also continued to provide field-based services to build, improve, maintain and operate critical infrastructure in Australia and around the world.

We took action to strengthen our liquidity position by extending existing and securing additional facilities. We have managed what is in our control and we will continue to adjust as the global disruption evolves.

The Board recognizes the success of our business is underpinned by our people, and the Board expresses its deep appreciation for their contribution during the year.

Our people have demonstrated great resilience, flexibility and determination in what has been a challenging period during the COVID-19 pandemic.

I would now like to focus on our safety and financial performance for financial year 2020.

We are committed to providing a respectful, safe and healthy environment where we support each other and our communities. Our teams maintain industry leading safety performance. This year, our Total Recordable Case Frequency Rate was 0.16 across the Group. We're deeply saddened however, to have lost people this year to COVID-19 and to have reported the loss of one of our team members while travelling. Our thoughts go out to their families.

Turning to our financial results, the Group reported an underlying net profit after tax excluding the post-tax impact of amortization on intangible assets acquired through business combinations, or NPATA, of \$432 million. This is up 66% on the prior corresponding period underlying result. We delivered a positive underlying operating cash flow of \$881 million, with more consistent earnings due to our increased diversification and increased exposure to our customers' operational expenditures which have been historically less variable in periods of industry downturn. Worley now has a lower exposure to upstream oil and gas capital expenditure and increased exposure to the less cyclical chemicals sector.

The Board declared a final dividend payment of 25 cents per fully paid ordinary share, unfranked. This is in addition to the interim dividend of 25 cents per share, for a total dividend of 50 cents per share for the full year. As a result, we distributed 60% of our full year underlying NPATA for financial year 2020 to shareholders as dividend.

The successful integration of the ECR business has delivered on expectations communicated at the time of the acquisition. We are delivering cost, margin and revenue synergies in line with our commitments. We have also increased our cost synergy target to \$190 million per annum by April 2021. We have combined the best of both organizations by adopting common systems and processes, and by harmonizing our knowledge and management systems.

The current economic circumstances have given us an opportunity to transform faster and we have taken action to re-position the business. To support our transformation, it has been important for us to reflect on our Company purpose, and the role we see ourselves playing in our industries. Simply, our purpose is **"delivering a more sustainable world"**. Alongside our new purpose, we have launched new values that reflect our transformation, capture our culture and honour our heritage.

"Delivering a more sustainable world" includes addressing climate change which will have significant implications for the industries we serve. We have revised our Climate Change Position Statement and committed to reducing our scope 1 and 2 emissions to net zero by 2030 and are developing a set of strategic actions to deliver this. We have an important role to play in working with our customers to reduce their energy consumption and carbon footprint as we transition to a low-carbon future. We believe this is the biggest impact we can have.

Industry commitment to sustainability action is increasing. This will open opportunities across all sectors that we serve. Transitioning the world's energy systems will require technical, engineering and project delivery expertise. We are already a leader in delivering these types of projects and we can leverage our domain knowledge and expertise to support customers around the world.

In financial year 2020, we completed two transactions to grow our capabilities in renewable and distributed energy. We acquired 3sun to deliver installation, inspection and maintenance expertise in the offshore

wind sector. We also formed a joint venture with XENDEE called VECKTA: a distributed energy system, microgrids and storage business. Subsequent to the end of the financial year, the Group acquired the remaining 50% shareholding of TW Power Services. TWPS is an operations and maintenance business providing services to support critical power infrastructure across Australia, New Zealand and South East Asia. These investments further strengthen our ability to support our customers through the energy transition, locally and globally.

The Company demonstrated its commitment to continual enhancement of the Group's governance processes in financial year 2020. We completed a sustainability materiality review aligned to the United Nations Sustainable Development Goals. The review identified sustainability topics of significance to our investors, customers, employees and community partners for us to act on.

We continued working towards the recommendations of the Task Force on Climate-related Financial Disclosures. We have also embedded sustainability considerations in our business processes. These will inform our decision making around bidding work by prompting us to consider even more deeply risk issues such as ethical business practices, carbon emissions intensity and social license.

Worley is committed to providing a workplace that is diverse and inclusive of people from a wide range of backgrounds. We are committed to diversity in all its forms, and we recognize that our diversity is our strength.

Maintaining and enhancing our reputation for integrity, honesty and ethical practices is important to the Board. As we transform our business it will continue to be a critical factor in our future success. We comply with all applicable laws and conduct our business to the highest standard – a standard to which we also hold our partners and agents.

We recognize our responsibilities to our shareholders, customers, employees and suppliers as well as to the communities in which we operate.

In conclusion, I'd like to thank the directors, the leadership team and, most importantly, our people for their contribution in a year where we have delivered on our promises and withstood great challenges. I would also like to thank you, our shareholders, for your continued support.

This concludes my review of financial year 2020.

As announced on 22 October, Worley is pleased to report that the shareholder class action brought against the Company in the Federal Court of Australia was decided in Worley's favour yesterday.

The judgment dismissed the class action and this means that Worley won the case.

The judgment also decided that costs be awarded in Worley's favour.

The Honourable Justice Jacqueline Gleeson found that Worley had reasonable grounds for its FY2014 earnings guidance and the process by which the FY2014 budget was developed was reasonable.

The judgment records that Justice Gleeson formed favourable views of each of Worley's witnesses, being Chris Ashton, Chief Executive Officer, Andrew Wood, former Chief Executive Officer, and Denis Lucey former Regional Managing Director Asia, Pacific and China.

This case was the first Australian shareholder class action won by a defendant. The Court's decision represents the first dismissal of a shareholder class action after a full trial.

I would like to thank the Directors and management who contributed to this outcome.

2020 Annual General Meeting

Chief Executive Officer's address

Hello, ladies and gentlemen.

My name is Chris Ashton and I'm pleased to be addressing my first Annual General Meeting as the CEO and Managing Director of your Company. I'm speaking with you today from the United States, working from home like so many of our people around the world and I look forward to when we can meet in person.

My journey with Worley began 22 years ago, and it's a privilege to have assumed the leadership of this great Australian company as we step into a new and exciting future.

Before I begin, I'd like to recognize and thank Andrew Wood. Andrew has been a great leader, mentor and friend. Thanks to his leadership over the past seven years, we're well positioned for continued success.

Much has changed in the world since our meeting in October last year. We've successfully integrated our two heritage organizations to create a dynamic and more diverse business. We've exceeded cost synergy delivery expectations and strengthened our financial position during what has been a challenging period. I'm confident we've built a platform upon which we will continue to transform.

We're at a critical moment in time; living and working in the midst of a health and economic crisis on a scale never experienced before. And at the same time, we're on the cusp of fundamental shifts in our industries and beyond

Forces including climate change, the energy transition, the increasing importance of sustainability, the circular economy and the digitalization of our industries are changing not only the markets we serve, but also how our customers see themselves and their role in the energy, chemicals and resources sectors.

These changes present us with an opportunity to stand up and stand out from the crowd, to **rise to the challenges** before us; transforming faster to emerge stronger.

I want to acknowledge the devastation COVID-19 has caused to communities around the world. We've felt this through the loss of some of our colleagues to the virus.

Our thoughts are with their families and friends.

At the beginning of the pandemic and within a matter of weeks our teams around the world adapted to new ways of working as we responded to the rapidly changing environment. Our robust technology platforms allowed us to continue delivering services for our customers as more than 40,000 of our office-based people transitioned to working from home. We modified field practices for our site-based teams to keep them safe while they supported our customers' facilities around the world. We led a cross industry task force to share safety lessons and importantly, continued supporting those communities in which we work.

We formed a business response taskforce to actively manage business fundamentals throughout this period, taking action to protect cash, manage receivables and postpone all non-essential capital expenditure. We optimized staff levels while maintaining diverse and valuable capability and adjusted both operational and support cost structures. We entered the period of disruption in a stable financial position, and we've since strengthened our liquidity.

We've responded to the economic circumstances and demonstrated through our performance an ability to adapt. As the global economic landscape continues to change, we'll respond and actively manage that which is in our control.

Although the world has changed this year, our focus on safety remains unwavering. We did, however lose a member of our team. One of our vehicles was travelling on a public road when a power pole fell and impacted the vehicle cabin. Above all else we remember our colleague and keep his family and friends in our thoughts.

In pursuit of continuous improvement, we launched Life in January this year. Life is our safety, health and well-being approach which connects our health, safety and environment practices, systems and tools under one Worley program. The program empowers our people to act, to challenge and to continually improve.

In terms of financial year 2020 results, we're proud of what we delivered. Aggregated revenue grew to over \$11 billion (up 75% on prior corresponding period) and underlying EBITA was up 80% to \$743 million. Aggregated revenue and underlying EBITA were both up 7% on the FY19 proforma. Through the efforts of our people, we delivered a strong underlying cash flow of \$881 million, compared to \$239 million in the 2019 financial year. Our gearing, excluding lease liabilities, closed the year at 18.3%, and leverage decreased to 1.8 times

Our diversified business has shown resilience as the result of greater exposure to our customers' operating expenditures, sustaining capital contracts and the chemicals sector. Three years ago, 65% of our aggregated revenue was from upstream and midstream capital expenditure, today it represents less than 20%.

As I mentioned at the start of my address, we've successfully integrated the ECR business. We now have shared global systems in place for safety, sales and operations, and our financial systems roll out are in their final stages. We're delivering on our acquisition cost synergy commitments, having already delivered savings of \$177 million per annum and we've now increased our run rate target to \$190 million by April 2021.

As part of our transformation strategy, we're driving an accelerated cultural shift in the way we work. I believe this shift has been brought forward by as much as a decade with the global disruption of COVID-19 acting as a catalyst for this change.

We've simplified our business to better support our customers, drive new ways of working and to support the execution of our transformation strategy. Our new ways of working will deliver ongoing operational savings of approximately \$275 million per year by 31 December 2021. We've already delivered \$165 million run rate savings as at 30th June 2020. These savings are in addition to the ECR acquisition cost synergies.

A clear purpose and set of values underpin our transformation strategy. Together, they motivate and engage our people while signalling to our stakeholders who we are and the difference we can make in a world that is changing

Our new purpose is clear **"delivering a more sustainable world"**.

It describes the intent of the work we do - making a significant contribution to more sustainable communities, societies and nations, ultimately improving the well-being and health of the world in which we live.

Alongside our purpose are our values. They will guide, align and stretch our people.

Our values are: **Life**

We believe in the safety, health and well-being of our people, communities and the environment. Without it, nothing else matters

We **Rise to the challenge**

We love a challenge and go the extra mile delivering new and better solutions to ever more complex problems for our customers.

We recognize that we are **Stronger together**

We thrive in authentic relationships and partnerships. We nurture networks and collaboration and recognize our differences make us better.

And we **Unlock brilliance**

We're passionate about innovating and learning. We value, share and grow our expertise.

These values represent the behaviours and standards we believe are fundamental for a culture that underpins successful outcomes.

We're building Worley to be welcoming and inclusive and we want all our people to genuinely feel this is a place where they belong and where their voice matters. I'm proud to lead a Group Executive team with equal gender representation. I have made clear that we have no tolerance of racism and exclusion.

In delivering a more sustainable world, the most important role we have is in supporting our customers on their sustainability journey.

We're already doing this.

We've delivered over 2,000 new energy projects for our customers. We provide inspection and maintenance services to over 70% of the UK's offshore wind turbines, and our projects contribute to over 50% of the renewable diesel capacity in the United States. As a knowledge-based service provider, we can marshal our expertise and deploy it at pace and at scale across the globe.

Sustainability is core to who we are and is a growing part of our business. Our future includes increasing the role we have in the broader elements of sustainability including the circular economy, developing sustainable technologies and water stewardship.

This year we issued our revised Climate Change Position Statement which signals where our future lies; as leaders in a world transitioning to consuming low-carbon and carbon-free energy. It has an increasingly important role to play and is core to our strategy. We're committed to pro-actively supporting our customers to reduce emissions on their projects and assets. Our Sustainable Solutions process empowers our people to use their technical skills to deliver quantifiable reductions in our customers' carbon emissions, and our Responsible Business Assessment Standard is used to assess our involvement in any carbon-intensive project.

We've seen major announcements recently that support our transformation strategy, including China's net zero emissions commitment and the European Green Deal. The IEA World Energy Outlook 2020 estimates investment of almost three trillion USD per year to 2030 under its Sustainable Development Scenario, and even more under the Net Zero Emissions by 2050 case - a new scenario released last week. The majority of

this investment is supporting the energy transition and related sustainability objectives. This investment will provide opportunities across all the sectors within which we work.

Worley collaborates with all partners on a project by project basis in sectors that are both synergistic and align with Worley's strategy in the energy, chemicals and resources sectors. Such partnership decisions are driven by delivering value to our customers and creating value for all of Worley's shareholders. To this end, there have been recent discussions between the Worley and Dar Group management teams and we will continue evaluating project opportunities to work together with the Dar Group, as they arise.

I'll now turn to the market update in more detail for each of our sectors.

In the Upstream and Midstream market, the decline in oil and gas prices has led to a reduction in near-term investment. However, markets are forecast to rebalance, and investment is expected to continue. There is still significant brownfield and sustaining capital spend in this market. Together with our customers and industry partners, we're supporting the electrification and decarbonization of facilities and the development of technologies such as Carbon Capture, Utilization, and Storage as well as in the rapidly emerging hydrogen space. We are currently involved in 31 hydrogen projects in various stages of the project lifecycle, from front end studies through to commissioning, in 12 countries around the world.

Turning to the Power sector, investment has shown resilience during the pandemic, particularly in the renewables market. IEA last week forecast that despite global energy demand being set to drop by 5% in 2020, there will be a slight rise in the contribution of renewables. Offshore wind forecasts show capacity is set to increase by at least 15-fold worldwide by 2040. In support of this, all of the European oil majors are forecasting investment in the renewables sector going forward.

Chemicals growth is expected to resume in 2021 as economies return to being closer to more normal operating rates. In refining, reduced demand for transportation fuels is expected to continue through to 2021 and will likely result in capacity rationalization in the developed world as newer, larger refineries start up in developing economies. Regulations in this space and technology developments are presenting opportunities in decarbonization such as bio-based fuels as well as in circular economy markets such as plastics recycling.

In Mining, Minerals and Metals, COVID-19 has had a modest and varied impact on mined commodity and metal prices. A combination of returning demand led by the restart of the Chinese economy and ongoing supply disruptions in some major commodities has, in most cases, seen prices recover to levels that continue to encourage investment. We see an increased focus from our mining customers on the electrification of their operations and energy source switching as they look to benefit from low cost renewables and work towards their own emission reduction commitments.

Turning now to our outlook.

As I shared at the full year results, the current economic circumstances have led to a rapidly changing environment for Worley's business. The COVID-19 pandemic is continuing to impact access to some sites, and we are seeing near term project deferrals as a result of the associated economic circumstances. The medium- to long-term market continues to indicate that sustainability and the digitalization of our industries will open opportunities, including those resulting from government stimulus spend to support economic recovery.

We continue to manage business fundamentals in our control. Our headcount has reduced over the first quarter of this financial year by 5%, from 51,900 at the end of June to 49,100 at the end of September.

Our utilization remains on target. The relative improvement of the Australian dollar compared to this time last year is creating foreign exchange headwinds, given the majority of our earnings come from currencies other than Australian dollars. As an indication, the average USD to Australian dollar exchange rate over financial year 2020 was 67 cents, compared to an average of 71 cents in the first quarter of financial year 2021.

This financial year, we are on track to deliver an increased ECR acquisition cost synergy target of \$190 million per annum by April 2021, as well as additional operational savings of \$275 million per annum by December 2021 as we accelerate our transformation.

Worley has the global scale, as well as the technical and financial strength to support our energy, chemicals and resources customers as we help them navigate a changing world, a world increasingly focussed on sustainability.

Worley has a remarkable group of people who've brought us to this position. Our ongoing delivery during COVID-19 is thanks to their extraordinary efforts. The agility and resilience they've demonstrated exemplifies the spirit of Worley. I thank each and every one of them for their dedication.

Our people are the heart of your company and I look forward to seeing them continue to succeed, develop and **unlock brilliance**, motivated by knowing what we do makes a difference in the world.

To our shareholders, thank you for the confidence you have in your company and for your support.

2020 Annual General Meeting

People and Remuneration Committee Chairman's address

Good morning ladies and gentlemen.

My name is Tom Gorman and as Chairman of the People and Remuneration Committee I have been the lead non-executive director responsible for the development of this year's Remuneration Report. This report explains in detail how we approach remuneration at Worley and the remuneration outcomes for financial year 2020.

I would encourage you to read the entire remuneration report as it provides context and background to the matters I will cover today.

Let me begin by saying that 2020 was a remarkable year and our people have risen to the challenge.

In a significant and challenging year, we are pleased with the 2020 performance outcomes, the ECR integration achievements and the leadership of the executive team.

In addition to these accomplishments, Worley, like all of you, has been faced with significant challenges presented by the global COVID-19 pandemic. We have focused on keeping our people safe, supporting and delivering to our customers and making sure we remain financially strong to meet the hurdles, uncertainties, and opportunities ahead. Our employees have risen to the challenge of COVID-19 in unimaginable ways. As well as more than 40,000 of our people rapidly switching to a work from home profile, many of our people have gone above and beyond to deliver incredible solutions to help with the fight against COVID-19.

In addition to the delivery of the integration benefits from last year's acquisition of ECR and responding to the challenges presented by COVID-19, we have successfully transitioned our executive leadership, with Chris Ashton succeeding Andrew Wood as our Chief Executive Officer and Managing Director on 24 February of this year. Chris brings more than 20 years of experience at Worley to the Chief Executive Officer's office, having worked in senior roles in the United States, Europe and the Middle East. Most recently, Chris was the Chief Operating Officer based in Houston, Texas in the United States.

His fixed annual salary is \$1.7 million, and he has a six month notice period. Both are less than the former CEO. His participation in incentive arrangements is the same, on a percentage basis, as the former CEO and is at the discretion of the Board.

Our Chairman, John Grill, and I have listened carefully to the feedback we received regarding the 2019 Remuneration Report, which had received a first strike. The Board has taken the 2019 Remuneration Report vote very seriously. Based on this feedback, we have made changes to the Worley remuneration framework and worked to improve the quality of our Remuneration Report disclosures.

After reviewing changes to our remuneration framework in 2019, and discussing it with our shareholders and proxy advisors, we have:

- strengthened communications with key stakeholders throughout the year;
- redesigned the Remuneration Report to improve transparency and readability;
- changed our remuneration framework for 2021 to eliminate the elements our shareholders did not support and strengthen the performance focus of our ongoing plans, including the addition of a

performance hurdle to the Deferred Equity Plan; and

- recommitted to our strong shareholding requirements and the focus on sustainable long-term outperformance by extending the performance periods of the Deferred Equity Plan and Long-Term Incentive Plan for executives.

The Deferred Equity Plan performance hurdle will comprise quantitative Key Performance Indicators that will be assessed by the Board at the end of the performance period. These will measure significant progress in creating value for all stakeholders and increasing contribution to delivering a more sustainable world. Specifically, the KPIs will be:

- 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; and
- delivered enhanced capabilities and solutions consistent with Worley's strategy to help customers achieve their sustainability goals.

Achieving these KPIs is fundamental to Worley's strategy to deliver growth and shareholder value and help Worley's customers to achieve their sustainability goals.

Our executive remuneration strategy is designed to support the global Worley business and strategy and drive sustainable outperformance over the short and long term. It aligns to and encourages conduct that supports Worley's purpose, values, strategic objectives and risk appetite. We are a global business with significant operations and people in multiple countries, including over half of our senior leaders being in North America. Our remuneration strategy must therefore be internationally competitive to attract, motivate, retain and mobilize top talent across countries.

Our remuneration strategy creates strong shareholder alignment by incorporating significant equity components to encourage executives to behave like owners, focus on building long-term value and stay with us through business cycles. Our minimum shareholding requirement for executives is above that of the Australian market and reinforces this objective.

As we transform our business, we may review elements of our remuneration framework from time-to-time to ensure it continues to support our business objectives. We are committed to engage and communicate clearly with shareholders on the framework and any key changes we make.

I will now turn to the performance and remuneration outcomes for the year.

FY2020 performance outcomes are solid and strongly reflect our intent to build a resilient business. The executive team worked hard to successfully integrate the ECR business and focus on effective delivery to customers throughout the transition and COVID-19. Notwithstanding the many market challenges, utilization has remained high and a dedicated focus on cash management has delivered a strong liquidity position and underlying cashflow of \$881 million. We have accelerated our new ways of working while simplifying the business, delivering savings of \$165 million run rate in FY2020. The Board is pleased with the continued performance of the business throughout this difficult period and commends the executive team for the performance outcomes.

Performance results against the objectives set by the Board for executives are strong, with the following highlights:

- the underlying NPATA result was \$432 million, which is below target and reflects the market challenges impacting the business in the latter part of FY2020;

- Days Sales Outstanding, which measures the time taken to collect cash from customers, reflected an improvement on last year and was partially achieved at 68 days compared to the target of 65 days;
- health and safety expectations were met, and we continued to embed a strong focus on the health, safety and wellbeing of our people and our environment;
- the integration cost reduction program delivered synergy savings of \$177 million which was above target. The cost of transition delivery was within budget with key integration milestones met; and
- we have made good progress implementing new common operating systems and processes for the combined organization.

In making decisions regarding FY2020 remuneration, we carefully reviewed the performance results compared to the stretch targets set in the scorecard at the beginning of the year. The Board has a policy to review underlying earnings measures for remuneration purposes to ensure executives are:

- being appropriately held to account for their actions and delivery of annual targets; and
- considering potential acquisitions or investment and transformational opportunities without the influence of their impact on remuneration outcomes.

For FY2020, we excluded ECR transition and integration costs, as well as transformational and restructuring costs and government payments in relation to COVID-19. Worley did not receive JobKeeper support from the Australian government, however, we received COVID-19 related government grants in Canada, UK and Singapore. Underlying earnings for remuneration purposes includes project and operational related provisions, however it did not include any government grants in relation to COVID-19.

Additionally, we considered a number of factors to determine the remuneration outcomes for the Chief Executive Officer and other executives. This covered broader measures of performance and the health of our business and the impact of the business response to COVID-19 on our people, shareholders, customers and communities.

Considering the performance results and the objectives set, the Board reduced short term incentive scorecard results by 15% and considers the overall outcomes are a fair reflection of FY2020 performance. This has resulted in the Chief Executive Officer receiving a payout of 62% of target and other executives receiving payouts ranging from 56% - 80% of target.

Our long-term performance measures reflect the value created for shareholders over many years with Earnings Per Share growth of 9.3% compounded per annum above CPI over the last three years and Total Shareholder Return relative to Worley peers of 50th percentile over the last three years and the 71st percentile over the last four years. These results are calculated consistent with the performance conditions set for each Long-Term Incentive award. This has resulted in Long-Term Incentives vesting to executives between 50% and 93%, depending on the award.

We continue to focus on keeping our people safe, satisfying our customers and ensuring our business remains strong for many years to come. As part of our ongoing review of governance, the Remuneration Committee has expanded its role to include executive development and succession, culture, diversity and inclusion. Our Committee is now called the People and Remuneration Committee.

Finally, I want to thank you, our shareholders, for your support over the year. I am pleased to engage with all shareholders about the matters set out in this report.