

20 October 2023

**ASX release**

**WORLEY LIMITED (WORLEY)**

**(ASX: WOR)**

**AGM Addresses**

The following addresses will be delivered today at the 2023 Annual General Meeting:

- Chair's Address – Mr John Grill
- Chief Executive Officer's Address – Mr Chris Ashton
- People and Remuneration Committee Chair's Address – Ms Emma Stein

Authorized for release by Nuala O'Leary, Group Company Secretary.

For further information, please contact:

**Veréna Preston**

Senior Group Director Investor Relations

Ph: +61 402 125 930

[investor.relations@worley.com](mailto:investor.relations@worley.com)

[www.worley.com](http://www.worley.com)

For media enquiries, please contact:

**Melissa O'Neill**

Senior Group Director Corporate Affairs

Ph: + 61 467 555 175

[media.relations@worley.com](mailto:media.relations@worley.com)

**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).

## 2023 Annual General Meeting

### Chair address

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On behalf of the Board and Worley, I would like to acknowledge the Cammeraygal people on whose land we meet today. 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 who join us today in the room and via our webcast.

This year, we've delivered growth in line with our expectations. We have a leading position in growing energy, chemicals and resources sectors and we are seeing growth in our role as a provider of sustainability solutions to support the global energy transition.

With our significant experience in shaping the global energy transition, we're delivering some of the world's largest and most innovative assets. We're partnering with our customers to deliver infrastructure and integrated solutions that drive economic growth in Australia and around the world.

Our business is very different to what it was historically. Our earnings base is diversified across geographies, sectors and customer spend. We have invested in strategic growth areas that are at the heart of the global energy transition. And we continue to undertake portfolio management to trim businesses that do not fit our sustainability-focused strategy, redirecting our capital to our core business and supporting the delivery of consistent earnings. This year we announced to the market a significant shift in our GICS classification from energy to industrials. This is external acknowledgement of our transformation. We're unlocking long-term value from our diversified markets and momentum continues to build. Our improved performance and outlook are in line with the execution of our strategy.

Growth in our end-markets has largely been driven by energy security concerns and climate change response. This has resulted in increased investment in new infrastructure and technologies. While we remain optimistic about growth in our end markets, there is the ongoing potential for volatility from rising geopolitical tensions. These are not currently having a negative impact on the business, however we are closely monitoring these areas and we are prepared for a wide range of scenarios.

Today I'm going to focus on four themes – our unique capability to serve Australia through the energy transition, our people and our culture, our performance, and finally our focus on strong governance.

#### **Worley's unique capability**

Worley is a unique Australian company of national significance.

Our heritage and the relationships we've built over the last 100 or so years are very important to us.

From humble beginnings, Worley has grown to become the world's largest provider of engineering, professional project and asset services in the energy, chemicals and resources sector.

Worley's capabilities are unique and critical to Australia's transition to a sustainable, lower carbon future.

Our capabilities are also central to protecting the security of Australia's energy and critical infrastructure.

We are well positioned and ready to assist the Australian government to deliver its AUKUS strategy.

### **Our people and our culture**

Our success is a testament to the dedication of our more than 50,000 people, who are committed to delivering a more sustainable world by finding solutions to our customers' most complex challenges. Our purpose, underpinned by our values, continues to inspire our team. It drives our commitment to building a culture where our people can be at their best every day – a culture that values diversity, equality and inclusion, and is founded on mutual respect and a deep desire for learning and innovation and to make a difference in the world.

Attracting and retaining the right talent is an area of relentless focus – critical to the successful delivery of our strategy – and a risk we remain alert to. We are continuously diversifying our talent approach with innovative, flexible and bold strategies to find and develop the right people and to deliver the right experience. Our people are highly attractive in this market and we will remain focused on ensuring we are recognizing and rewarding our people appropriately, with reference to the specific markets in which we operate.

Our commitment to the safety and well-being of our people remains steadfast. In FY23 our Total Recordable Case Frequency Rate was 0.14 across the Group which has decreased from 0.16 at the end of FY22. Providing a respectful, safe, and healthy environment for our people and communities will remain our top priority.

We foster an inclusive and diverse workplace, and we actively support the communities in which we work. We continue to meet or exceed gender targets at both Board and Group Executive level. In 2023, almost half of our graduate intake were women, an increase on the previous year. However, we are conscious that we need to further increase the representation of women in our business and will continue to apply our efforts accordingly.

### **Our performance**

I'd like to focus on our performance and results for financial year 2023.

We are pleased to report that we have delivered on our growth outlook. Our aggregated revenue increased by 21% and our underlying EBITA increased by 16% on the prior corresponding period. Notably, sustainability-related work now accounts for 41% of our aggregated revenue, reflecting the growing demand for our services, our strong competitive position and our customers' confidence in our capabilities.

Our statutory NPATA for the year was \$104 million, down from \$243 million at FY22, but this result was impacted by the \$240 million loss on the sale of the North American turnaround and maintenance business. This includes a \$231 million non-cash impairment of intangibles. This transaction reflects our commitment to actively managing our portfolio in line with our purpose and ambition.

Our capital management position supports our growth. We have improved our liquidity and have access to flexible, competitively priced debt capital. This year, we renewed our syndicated bank facility and issued a new sustainability-linked bond, aligning our financing with our purpose. We have no material maturities until 2026.

Our traditional work in energy, chemicals and resources continues to be an important part of our future, with sustainability-related work providing a higher rate of growth. We are bridging the gap between sustainable energy sources and the need to reduce emissions from existing assets. Our sustainability-related projects continue to progress to later phases and they are scaling up in size. We are applying innovative approaches in supply chain management and modularization to deliver critical infrastructure more efficiently and assist in bringing down the levelized cost of energy produced by these facilities.

We remain committed to delivering strong environmental, social and governance performance and operating in a way that is consistent with our purpose. This includes reducing our own emissions, supporting communities and upskilling people.

We've made significant progress on our own sustainability this year. We've increased our ambition on net Scope 1 and Scope 2 emissions to a 65% reduction by FY25 from an FY20 baseline. Over the past year, we've reduced our Scope 1 and Scope 2 emissions by 14% and by 64% since FY20.

Our Responsible Business Assessments guide us to align our portfolio of customers and projects with responsible business practice. Earlier this month, we issued our third Modern Slavery Statement, which demonstrates our continued commitment to playing a role in helping the world combat human rights abuses. Our Data Protection Office governs compliance of our cybersecurity program with global data protection requirements, as specified in Australia, Europe, the US and other jurisdictions in which we work. Maintaining and enhancing our reputation for integrity, honesty and ethical practices is important to the Board and underpins our future success. We are committed to complying with all applicable laws and we conduct our business to the highest standard. We engage with partners and agents that apply the same high standards and we act when we become aware of non-compliance with these practices.

We recognize our responsibilities to shareholders, customers, our people and suppliers, as well as to the communities in which we operate. Our governance and operational controls reinforce a culture of acting lawfully, ethically and responsibly.

### **Governance and Board changes**

Finally, I'd now like to turn to changes we've made to the Board this financial year.

At the end of this financial year, we said farewell to Chris Haynes, OBE who retired after 11 years on the Worley Board. I sincerely thank Chris for his long and dedicated service.

We welcome Joe Geagea, who joined the Board from 1 July 2023. Joe previously held the role of Executive Vice President and senior advisor to the Chairman and CEO of Chevron Corporation. He also served as Executive Vice President of Technology, Projects and Services at Chevron.

These changes demonstrate our focus on Board succession and renewal. To support the Board's succession planning, we have completed an external Board review led by independent consultants. The review supports our ongoing planning for succession, including a plan for the Chair even though I intend to remain the Chair for the foreseeable future.

### **Closing remarks**

In October last year, we celebrated 20 years of being listed on the ASX. This important milestone provided an opportunity to reflect on our progress and our contribution to the social and economic well-being of the communities in which we operate.

In those 20 years, change has been a constant and is likely to persist for some time. We are embracing this and using the knowledge from our past to shape the future, while following the clear growth trajectory we see as a leader in sustainability solutions.

We look forward to turning challenges into opportunities, familiarity into innovation. We're partnering with our customers, communities and stakeholders to become the changemakers the world needs now, to turn our shared ambition of net zero into a reality.

In closing, I would like to express our gratitude to you, our shareholders, for your continued support, to our directors, leadership team, customers, partners, and importantly, our people.

I look forward to working with you to create an exciting future for our Company.

That concludes my review of financial year 2023.

Thank you.

## Chief Executive Officer address

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Thank you, John, and good morning shareholders.

John mentioned in his address, our company celebrated 20 years since listing on the Australian Securities Exchange following our AGM last year. A milestone which brought with it the opportunity to reflect on the impact we make and the legacy we're building. As I reflect on my time at Worley after reaching the milestone last month of 25 years with this great company, and almost four years as CEO, I'm proud to have had the opportunity to work with some incredible people, be part of some powerful teams and deliver extraordinary outcomes. And I see more opportunity ahead.

In the past few years, the company has been transforming: we've strengthened our culture launching our purpose and values, and our ambition, and set our strategic direction establishing Worley as a global leader in delivering sustainability solutions. In my view, we moved early, the moves we made are bold and we've moved quickly, giving Worley an early-mover advantage in the market, providing sustainability solutions to existing and emerging customers.

As a leader in the sectors in which we work, we have a compelling value proposition as we face into what we believe will be a prolonged up-cycle. We maintain leading positions in the traditional sectors we serve and are growing our share of new and emerging sustainability-related opportunities faster than market growth. With this leading position we are committed to retaining our risk-adjusted and low-risk appetite commercial models.

### **Investing in our people**

Our highest priority is to keep our people safe and well. Without this, nothing else matters.

We're embedding psychosocial factors into our existing health and safety framework. We see this as essential to building a safe and healthy workforce.

Our values guide us in everything we do. Our Life value embraces the safety, health and well-being of our people and those with whom we work. We want our people to be energized and empowered, and we're building a values-inspired culture which amplifies big picture thinking, is open to possibilities and demonstrates collaboration and innovation.

Throughout the year we've continued to invest in our people in two key areas. The first is strengthening the Worley experience. We're proud of our culture, and it is a competitive advantage for our business. We're focused on building a respectful environment where our people feel a strong sense of belonging and can be their best selves every day. With this in mind, we launched our Leadership Principles which outline the role of a leader at Worley. Our Respect at Work initiative focuses on respectful and inclusive workplace behaviors for everyone. We continue to invest in supporting the mental health and well-being of our people as well as their physical health and safety.

Our second area of focus is retaining and attracting critical capabilities at scale and we continue to be successful in these areas with the people needed to deliver our portfolio of projects. Our people are deeply committed and demonstrate great levels of discretionary effort. To ensure our people can innovate and

grow, we're investing in meaningful programs and the digital platforms that will allow us to work in a more agile, efficient and collaborative way.

### **Delivered strong growth and momentum continues to build**

Turning now to our full year results.

Over the past two years, we've consistently delivered and improved our performance. Our disciplined approach to delivering our strategy has led to increased earnings and margin improvement for FY23.

Our underlying EBITA of \$635 million is up 16% compared to FY22. Our EBITA margin excluding procurement has improved and is now 6.5%, up from 6.4% at FY22.

Our aggregated revenue is \$10.9 billion, up from \$9.1 billion in FY22.

Our backlog has grown 14% in the past year, demonstrating our team's ability to convert growth in our factored sales pipeline into backlog and revenue. Meanwhile, our factored sales pipeline has continued to increase, up 58% and is a leading indicator of continued momentum and future growth for Worley. We expect around two-thirds of our factored sales pipeline to be awarded in the next 12 months.

Sustainability-related work has been a key driver for growth with this work accounting for 41% of our aggregated revenue and 77% of our factored sales pipeline. We're confident we'll continue to make strong progress towards our ambition to have 75% of our revenue from sustainability-related work by FY26.

In FY23, we won \$6.3 billion of new sustainability-related work, which is almost double the previous year. This is reflective of our differentiated position in accelerating growth markets.

We've been clear and transparent on our definition of sustainability-related work, including our expectation of evolving our sustainability reporting to reflect emerging global frameworks. Frameworks such as the EU taxonomy for sustainable activities and the recently released ISSB standards for disclosure provide guidance on how to classify transitional and sustainable economic activities. We're committed to providing greater transparency, and we'll provide this information as it becomes available.

In addition to our sustainability-related work we're supporting our customers, developing innovative solutions across their traditional projects, as they move towards a lower-carbon future. We're helping them bring to life projects that are less carbon intensive, more efficient and digitally-enabled. Our revenue from traditional work has grown 10% over FY23. This remains an important part of our future, recognizing the role these customers and their assets play in providing energy security, energy affordability and in some cases grid stability as our industries transition.

We recognize the contrasting worlds in which we operate, the demands for today and the expectations for tomorrow. These contrasts present an opportunity for us to evolve even further and make sustainable transformation a reality.

We're actively managing our portfolio in line with our strategy and ambition. The sale of our North American maintenance and turnaround business in May allows us to focus on those businesses and capabilities that support our strategy to deliver high-value solutions in growth markets and our ambition to grow our professional services revenue from sustainability-related work. We sold another business, ERG, our global contractor recruitment and management company, post year end, further demonstrating the momentum of our strategic discipline.

## **Our strategy is delivering accretive returns and positioning us for sustained growth**

We're realizing the benefits of our \$100 million strategic investment in organic growth and continue to gain market share. In FY23, we spent \$37 million to further accelerate our growth areas, focusing on capability building and digital enablement, new solution development and partnerships. The remaining \$33 million is forecast to be spent in FY24 and the program will conclude at the end of FY24, unless there are further accretive returns to be made.

We're seeing a return on investment through key awards and pipeline growth in areas such as low-carbon hydrogen, battery materials and carbon capture, use and storage, or CCUS. This year, our growth areas added an additional \$1.8 billion in backlog at FY23 compared with the prior corresponding period. Because of our early pivot, we've established leading positions in these growth areas. For example, we're currently working on 38 active CCUS projects including the largest direct air capture project in the world with 1PointFive, an Oxy Petroleum initiative. We also have 104 hydrogen projects, of which 68 are Advisian projects in early phases and 36 are later phases.

We know when it comes to achieving net zero, the investment required remains significant. The IEA's recent update to its Net Zero Roadmap estimates spending needs to increase from \$1.8 trillion per year to \$4.5 trillion per year by 2030. This will enable the tripling of renewable energy and doubling of energy efficiency by 2035. A recurrent theme at Climate Week in New York was the need for governments and corporations to solve not only for climate change but also nature outcomes. During Climate Week we saw the release of a set of recommendations and guidance from the Taskforce on Nature-related Financial Disclosures which will further drive deployment of capital for more sustainable outcomes. Traditional methods of infrastructure delivery won't meet the pace and scale of the net zero challenge. Delivering these projects requires innovative delivery models which include digital solutions, automation and a "design one, build many" approach.

We recently published our third paper in our *From Ambition to Reality* thought leadership series, a collaboration with Princeton University's Andlinger Center for Energy and the Environment, which provides a bold, industry-wide approach to meeting this challenge head on. We held our first *From Ambition to Reality* Summit at Princeton last month. Over two days the summit produced more than 70 specific US-focused action steps which industrial ecosystem players could take to accelerate the pace of net zero delivery. An emerging key theme was the need to build trust between the various players in the industrial ecosystem. Worley can and does play a key role here due to the unique position we have in the energy transition, working across sectors, geographies and technologies.

## **ESG achievements**

Looking now at our ESG achievements for the year, we seek to make a positive impact on people and the environment, and operate responsibly. We've continued our focus on energy efficiency and procuring renewable energy. This has allowed us to start decoupling our emissions from our energy usage. Over the next few years, we're focusing on decarbonizing the more challenging elements of our business, such as our vehicle fleet.

We're also focused on other areas, such as our commitment to phase-out the provision of single use plastics in our offices. In support of the recent Kunming-Montreal Global Biodiversity Framework, we've outlined a roadmap to support biodiversity and nature in our project work and business more broadly.

This year, we've introduced a dedicated program of work on human rights and modern slavery. We've launched an Executive Human Rights and Diversity and Inclusion Committee and developed a business and human rights framework which translates the UN principles into action. We're proud to have taken part in the UN Global Compact Business and Human Rights Accelerator Program. This is a six-month program to support our commitment to human rights and labor rights and to establish a human rights due diligence processes.

### **FY24 Outlook**

At a macro level Worley is managing three key risks: attraction and retention of highly skilled resources to meet demand; inflation and supply chain disruption and their impact on the economics of business; and ongoing geopolitical tensions affecting normal operations of global markets. We're actively focusing on mitigating these risks every day, recognizing they will remain an ongoing challenge for businesses globally.

We are optimistic about growth in our end markets, but there is always the potential for volatility from rising geopolitical tensions. While they are not currently having a negative impact on the business, we are closely monitoring these areas and we are prepared for a wide range of scenarios. We're delivering on our strategy and building a sustainable growth business. Market growth, increased market share and margin expansion are the building blocks to delivering our ambition of double-digit annualized earnings growth in the medium term. We will drive margin expansion through our effective project delivery, automation, digitalization and streamlined operations.

Looking ahead, the outlook presented at the time of full year results remains consistent with what we're expecting for FY24, subject to no deterioration in current market conditions.

### **Closing remarks**

In closing, this is an exciting time for our people and our business. We have the right strategy, the right structure and the right team. We're delivering our strategy and unlocking new opportunities as momentum in our markets continues to build. Our purpose, values and our leadership will continue to ensure we have the right culture and create rewarding experiences for everyone who works for and with Worley. Our continued success is, without doubt, because of the extraordinary efforts of our people and their desire to leave a positive mark through the work they do and the legacy they're building. I thank each and every one of them.

And I thank our shareholders, customers and partners for their continued support of our business and for working with us to make a difference.

We have an exciting future ahead, aligned with our purpose of delivering a more sustainable world.

Thank you.

## People and Remuneration Committee Chair address

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My name is Emma Stein and as Chair 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 2023.

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 we are very pleased with the performance and executive reward outcomes for FY2023 and believe that they are consistent with the execution of our strategy and delivering on our Ambition: to be recognized globally as a leader in sustainability solutions.

Our over 50,000 people are at the center of what we do, and our results reflect their dedication and hard work. We have a strong remuneration and governance framework that supports our people strategy, drives performance and holds our leaders accountable for keeping our people safe, demonstrating our values and building our culture.

**We're competing in global talent markets.** We operate in over 45 countries across thousands of projects. To attract, retain and engage the right people, our executive remuneration must be competitive in the talent markets in which we operate. For example, there's a higher level of participation in equity programs in the US market, where many of our senior leaders are based, including our Key Management Personnel, or KMP. We're proactive in competing for talent and use local industry benchmarking and trend information to inform our decisions.

**In terms of culture and governance,** our remuneration framework rewards not just the "what" but the "how". We've embedded multiple environmental, social and governance (ESG) Key Performance Indicators (KPIs), including safety, in our Short-Term Incentive (STI) plan, recognizing our commitment to ESG principles. Our executives must achieve individual KPIs that measure performance and leadership in their areas of responsibility and demonstrate our values and behaviors. Our Board has discretion over final incentive outcomes and undertakes rigorous reviews of our results, which may include:

- health and safety;
- overall financial performance, for example, the quality of earnings;
- operational security and risk management;
- the experience and conduct of our people;
- environmental and community responsibility;
- inclusion and diversity;
- customer satisfaction; and
- outcomes for our shareholders.

Our approach makes sure payouts are appropriate, reflect real performance in line with our values and strategy, and avoids unintended remuneration outcomes.

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

We've delivered strong performance in FY2023, resulting in favorable outcomes for our shareholders. This includes strong safety outcomes; a year-on-year increase in share price of 10.9% and a 5.4% increase in our underlying Net Profit After Tax and excluding Amortization (NPATA) earnings per share (EPS). Our dividend payments have remained consistent over the past four years. We've summarized our remuneration outcomes for FY2023 below.

Short-Term Incentive (STI)

Our FY2023 business scorecard results include:

- A Serious Case Frequency Rate (SCFR) of 0.03, an improvement on FY2022.
- Ongoing reductions in Scope 1 and Scope 2 carbon emissions – we are on track to meet our FY2025 reduction targets.
- Progress in diversity and inclusion compared to FY2022.
- An underlying NPATA result of \$348 million, which is 5.8% growth on FY2022.
- Exceeding our target for sales in sustainability projects, measured through gross margin sold.
- Our cash conversion ratio, which measures underlying operating cash before interest and tax over underlying group EBITA, was within the target range set.

Our executives demonstrated strong leadership in line with our values to deliver improved outcomes, inspire our people and create value for our customers. This is reflected in our STI payouts of 81.1% of maximum for the CEO and other Executive KMP. The Board considers the FY2023 STI outcomes to be a fair and reasonable reflection of executive performance and the results delivered for shareholders.

We acknowledge shareholder requests for additional disclosure of our Deferred Equity Plan (DEP) targets. The performance outcome for our FY2022 DEP was \$1,075 million in gross margin delivered from sustainability-related work against a target of \$1,000 million, exceeding the target by 7.5% and equating to a 40% growth rate over two years. The Board approved a vesting outcome of 100% of the FY2022 DEP.

We didn't test any Long-term Incentive (LTI) grants this year following the change from a three-year to a four-year performance period in 2020.

Our remuneration framework continues to evolve in line with the needs of the business.

In FY2022, we changed the remuneration mix of our executives to strengthen alignment with shareholders and market practice. We reduced the maximum STI to 150% of target and increased the equity components by a commensurate amount.

During FY2023 we reviewed the equity incentive components of our framework. The review found our framework continues to meet our objectives and there will be no significant changes to the structure or performance measures of Worley's incentive plans for FY2024.

As disclosed in the 2022 notice of meeting, we increased fixed remuneration by 14% for our CEO Chris Ashton from 1 October 2022 - the first increase since his appointment to the role in February 2020. This reflects Mr Ashton's leadership in positioning Worley as a leader in global sustainability solutions, his performance in the role and stewarding the business through challenging times.

Mr Ashton's revised total remuneration is above the median against the ASX comparator group of companies and below the median against global comparators. The Board is satisfied that his total remuneration has been set fairly and is appropriate.

There were no changes to Non-Executive Director fees in FY2023, which have remained the same since July 2019.

In summary, growing sustainability-related work has underpinned our results and reflects the dedication and hard work of all of our talented people. We're focused on creating value for all our stakeholders: customers, each other, shareholders, partners and communities.

We'll continue to review the remuneration framework to ensure it remains competitive in the global market, aligned to our strategy and shareholder outcomes, and drives long-term performance.

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