



ANNUAL REPORT 2020

Delivering a more sustainable world



Image: London Array Wind Farm substation and turbines

We are driven by a common purpose...

...delivering a more sustainable world.



We value **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. We go the extra mile delivering new and better solutions to complex problems.



We are **Stronger Together**

We thrive in real relationships and partnerships. We nurture networks and collaboration. We recognize our differences make us stronger.



And we **Unlock Brilliance**

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

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Visit us online

We have created our 2020 shareholder results microsite, which offers our 2020 results documents and detailed information on our business operations.

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Front Cover

London Array Wind Farm substation and turbines, UK

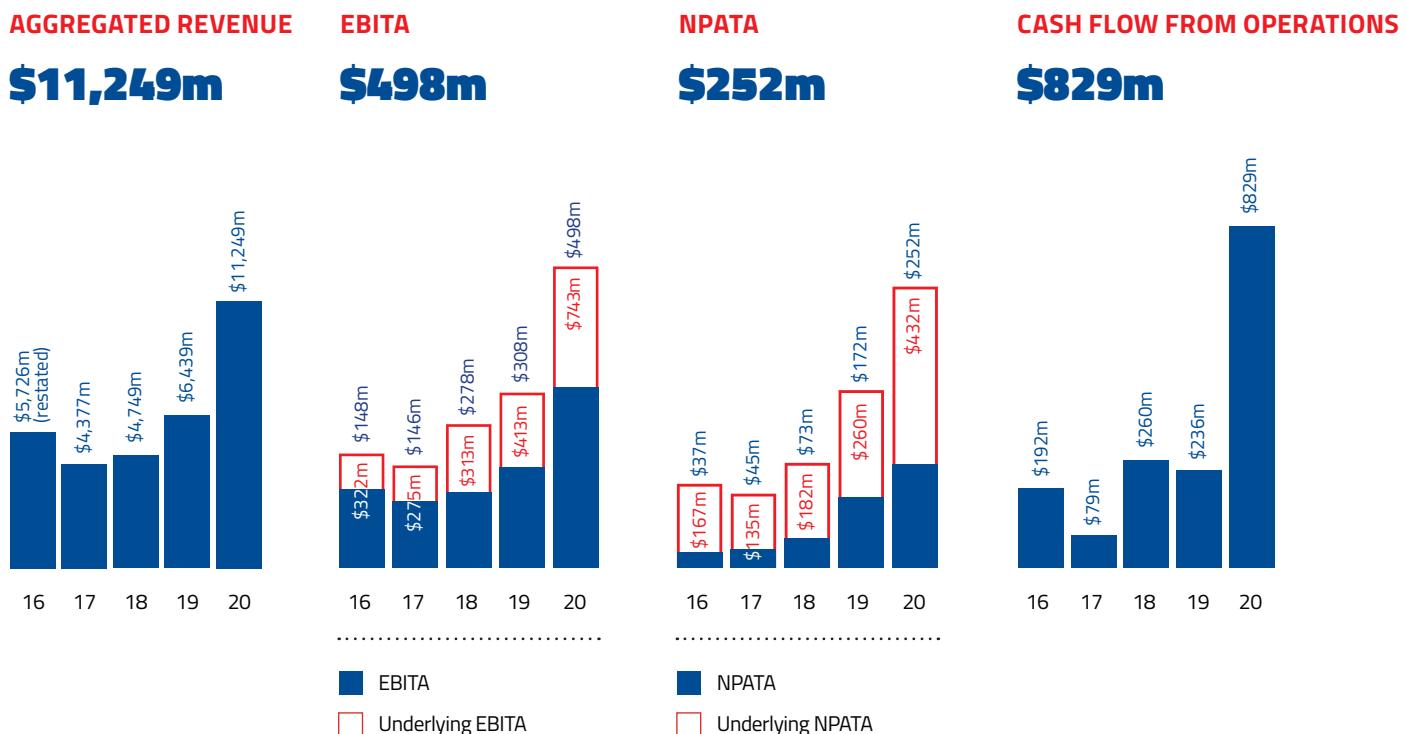
Worley: A global company headquartered in Australia

A **leading global provider** of professional project and asset services in the energy, chemicals and resources sectors.

We are Australia's largest exporter of knowledge-based services. We use this position to support our customers across the world transition towards a low-carbon future.

Group Financial Highlights

Five year performance at a glance



\$m	2016	2017	2018	2019	2020	% change
Aggregated revenue ¹	5,726	4,377	4,749	6,439	11,249	75%
EBITA	148	146	278	308	498	62%
EBITA margin	2.6%	3.3%	5.9%	4.8%	4.4%	(0.4pp)
NPATA	37	45	73	173	252	46%
Net profit margin	0.6%	1.0%	1.5%	2.7%	2.2%	(0.5pp)
Cash flow from operations ²	192	79	260	236	829	251%
Return on equity	6.9%	5.5%	6.8%	5.1%	5.3%	0.2pp
Basic EPS normalized (cents) ³	16.3	20.1	27.1	41.3	48.4	17%
Basic EPS (cents)	9.5	13.4	22.6	36.4	32.8	(10%)
Dividends (cents per share)	–	–	25	27.5	50	82%

1 Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, pass-through revenue at nil margin, and interest income. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

2 FY2020 cash flow excludes lease liability payments (\$147 million) in accordance with AASB 16 *Leases* adopted on 1 July 2019.

3 Before amortization of intangibles including tax effect of amortization expense.

We are positioned for the future and accelerating our transformation



John Grill AO
Chairman and Non-Executive Director

Worley is a pre-eminent global provider of professional project and asset services in energy, chemicals and resources. We are proudly a global company headquartered in Australia. As Australia's largest exporter of knowledge-based services, we use our position to support our customers across the world transition towards a low-carbon future.

This year is an important milestone in our history. FY2020 was our first full year operating as the new Worley and we have many achievements to celebrate. We successfully integrated the Energy, Chemicals and Resources division of Jacobs Engineering Group Inc. or "ECR" business, delivering cost and revenue synergies beyond those we identified pre-acquisition. This year we have increased our revenue and improved underlying EBITA margin compared with FY2019 and demonstrated earnings resilience in the face of the economic circumstances resulting from the COVID-19 pandemic. We have laid the foundation for our future; now we are fast-tracking our transformation.

I'd like to take this opportunity to thank Andrew Wood, our retiring CEO. 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.

Our people are key to our success

The commitment and passion of our people during the ECR integration activities has been key to its success. More recently, our people have demonstrated great resilience and determination in what has been a challenging period during the COVID-19 pandemic. 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 response to COVID-19

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 measures to maintain our financial and operational integrity during this time and strengthened our liquidity position by extending existing and securing additional facilities. We will continue to respond to the economic conditions as the global impact of COVID-19 evolves.

The safety and well-being of our people is our priority

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 to report the death of one of our colleagues this year. One of our vehicles was travelling on a public road when a power pole fell and impacted the vehicle cabin.

We are delivering on acquisition commitments

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 safety, sales and operations systems and processes, and by harmonizing our knowledge and management system.

Our Climate Change Position Statement

Worley acknowledges the findings of the Intergovernmental Panel on Climate Change. We contribute our project delivery and technical expertise to enable our customers to meet the world's changing energy needs in a safe, responsible and sustainable manner, in line with the ambitions of both the Paris Agreement and the United Nations Sustainable Development Goals.

Worley is committed to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions by 2030, and to proactively supporting our customers to reduce emissions on their projects and assets. We will keep our stakeholders informed of our strategy and progress against established metrics, including the recommendations of the Task Force on Climate-related Financial Disclosure.

Our strategic actions



Develop a net zero road map for our Scope 1 and Scope 2 greenhouse gas emissions



Review our Scope 3 emissions and develop a plan to reduce these



Help our customers to reduce their emissions using our Sustainable Solutions process



Assess our involvement in carbon-intensive projects using our Responsible Business Assessment Standard



Report our progress in line with the recommendations of the Task Force on Climate-related Financial Disclosures

Our business is more diversified

We are a more resilient business following the completion of the ECR acquisition with increased diversification across geographies and sectors as well as greater exposure to our customers' operating expenditures which are historically less variable in periods of industry downturn. We have a lower exposure to upstream oil and gas capital expenditure which now represents only 20% of our business and have an increased exposure to the less cyclical chemicals sector. Revenue derived from our customers' operating expenditures now represents 45% of total revenue. Operating expenditure contracts tend to be longer term multi-year contracts.

Our increased diversification has been particularly important during the economic circumstances we experienced this year.

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 will distribute 60% of our full year underlying profit after tax excluding the post-tax impact of amortization on intangible assets acquired through business combinations for FY2020 to shareholders as dividend.

We are accelerating our transformation

The current economic circumstances have given us an opportunity to accelerate our transformation and we have taken action to re-position the business. The industries we work in remain committed to the energy transition and digital revolution. These movements 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.

We strengthened our Energy Transition and Digital capabilities

In FY2020, 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.

Our investments in offshore wind and distributed networks further strengthen our ability to support our customers, locally and globally, through the energy transition.

We delivered sound financial performance

The Group reported an underlying net profit after tax of \$432 million. This is up 66% on the 2019 underlying result. We delivered a positive operating cash flow of \$829 million, with more consistent earnings due to our increased diversification and increased exposure to our customers' operational expenditures. Our gearing excluding lease liabilities is at 18.3%, and leverage has decreased to 1.8 times.

We launched our new purpose and values

A clear purpose is a key element of strategy; it provides context for decision making and is the driving force that pulls our organization together. 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 to deliver a more sustainable world.

Alongside our new purpose, we have launched new values that reflect our transformation, capture our culture and honor our heritage.

We revised our Climate Change Position Statement

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 to strengthen our commitment to addressing climate change. To help us achieve our climate ambition we have developed a set of strategic actions. We have an important role to play in supporting our customers reduce their energy consumption and carbon footprint as we transition to a low-carbon future. Our teams will proactively engage with our customers and bring their technical skill to bear on opportunities to reduce carbon emissions. We believe this is the biggest impact we can have. The Board will support management in the actions they take to align with our new position.

We will help our customers decarbonize their existing facilities and deliver new energy infrastructure. //

We remain committed to sustainability

In FY2020, we completed a sustainability materiality review in alignment with 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 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 have improved the gender diversity of the Group Executive and communicated a strong position of intolerance of racism and exclusion.

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 hold our partners and agents, not only ourselves.

We made changes to the Board and management

On 24 February 2020, Chris Ashton became Chief Executive Officer and Managing Director of the Group and a member of the Board following Andrew Wood's retirement. Chris has been at Worley since 1998 and has held many leadership roles including Chief Operating Officer 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 over the last 12 months. Firstly, we said farewell to Catherine Livingstone. Catherine was Lead Independent Director, and had been a member of the Board since 2007. She had also been a Chairman of the Audit and Risk Committee as well as a member of the Nominations Committee. Catherine has been a great contributor to Worley and personally Catherine has been a great sounding board for me. I would like to take this opportunity to thank Catherine for her significant contributions to the Board.

Secondly, we welcome Martin Parkinson. Martin was appointed to the Board on 24 February 2020. Martin served as inaugural Secretary of the Department of Climate Change and 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.

Finally, Chris Haynes and Andrew Liveris took up new positions as Lead Independent Director and Deputy Chairman respectively.

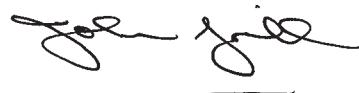
We have a strong governance program

The Group recognizes its responsibilities to its shareholders, customers, employees and suppliers as well as to the communities in which it operates.

The Board ensures that the Group meets all safety, performance and governance standards. It has ultimate authority over of the Group and regards corporate governance as a critical element in achieving the Group's objectives. Accordingly, the Board has a number of committees to discharge its duties. 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. The responsibilities of the People and Remuneration Committee, formerly the Remuneration Committee, were expanded to include People strategy and policies. We changed our Company name to Worley Limited at the Annual General Meeting in October 2019.

Finally, thank you

Thank you to the directors, the leadership team and, most importantly, to 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 our shareholders for their continued support. We will continue to respond to current economic conditions as the global impact of the COVID-19 pandemic evolves. I look forward to working with you to create an exciting future for our Company.



John Grill AO

Chairman and Non-Executive Director

Board of Directors

**JOHN GRILL AO****Chairman and Non-Executive Director**

John is Chairman of the Board, Chairman of the Nominations Committee and a member of the Health, Safety and Sustainability Committee and the People and Remuneration Committee.

**ANDREW LIVERIS AO****Deputy Chairman and Non-Executive Director**

Andrew is Deputy Chairman of the Board and a member of the Health, Safety and Sustainability Committee, the Nominations Committee and the People and Remuneration Committee.

**CHRISTOPHER HAYNES OBE****Lead Independent Director and Non-Executive Director**

Christopher is Lead Independent Director of the Board, Chairman of the Health, Safety and Sustainability Committee and a member of the Nominations Committee and the People and Remuneration Committee.

**THOMAS GORMAN****Non-Executive Director**

Thomas is Chairman of the People and Remuneration Committee and a member of the Health, Safety and Sustainability Committee and the Nominations Committee.

**ROGER HIGGINS****Non-Executive Director**

Roger is a member of the Health, Safety and Sustainability Committee and the Nominations Committee.

**MARTIN PARKINSON AC****Non-Executive Director**

Martin is a member of the Audit and Risk Committee and the Nominations Committee.

**JUAN SUÁREZ COPPEL****Non-Executive Director**

Juan is a member of the Audit and Risk Committee and the Nominations Committee.

**ANNE TEMPLEMAN-JONES****Non-Executive Director**

Anne is Chairman of the Audit and Risk Committee and a member of the Nominations Committee.

**WANG XIAO BIN****Non-Executive Director**

Xiao Bin is a member of the Audit and Risk Committee and the Nominations Committee.

**SHARON WARBURTON****Non-Executive Director**

Sharon is a member of the Audit and Risk Committee and the Nominations Committee.

**CHRIS ASHTON****Chief Executive Officer and Managing Director****NUALA O'LEARY****Group Company Secretary**

For detailed information on Directors and the Group Company Secretary see pages 46 to 49.

Transforming faster to emerge stronger



Chris Ashton
Chief Executive Officer and Managing Director

I am pleased to present Worley's 2020 Annual Report – my first as Chief Executive Officer and Managing Director.

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.

As I reflect on our one-year anniversary as Worley, we've successfully integrated our two heritage organizations to create a dynamic and more diverse business. I am confident we have built a platform on which we will continue to transform our business. It's a privilege to assume the leadership of this great Australian company as we step into our new future.

We are at a critical moment in time; living and working in the midst of health and economic circumstances on a scale never experienced before. At the same time, we're on the cusp of fundamental global shifts in our industry.

Forces including climate change, the energy transition, the increasing importance of 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 and transform faster to emerge stronger.

Responding to COVID-19

Our people: As the COVID-19 pandemic escalated it has devastated communities around the world. We have felt this through the loss of six of our colleagues to the virus; sadly, two prior to 30 June and four since. Our thoughts are with their families.

Within a matter of weeks our teams adapted to new ways of working in response to the rapidly changing environment resulting from the COVID-19 pandemic. More than 40,000 of our office-based workforce transitioned to working from home, in some countries in the space of 24 hours. Enabled by our robust technology platforms, we were able to continue to successfully deliver services for our customers across the world. We modified field practices for our site-based teams to keep them safe while supporting our customers' critical infrastructure facilities. We shared these safety lessons across the industry and we supported the communities in which we work.

Business response: We protected our cash, managed receivables and postponed all non-essential capital expenditure. We optimized staff levels while maintaining capability and adjusted both operational and support cost structures. After entering the period of disruption in a stable financial position, we strengthened our liquidity.

Our business is more diversified from both a geographic and sector standpoint as a result of the strategic acquisitions of UK Integrated Solutions in 2017 and ECR in 2019. We have responded to the economic circumstances and demonstrated through our performance our ability to adapt. As the global economic landscape develops we will continue to take necessary action.

Our people have risen to the challenge

Our continued delivery during COVID-19 is thanks to the extraordinary efforts of our people. The agility and resilience they continue to demonstrate exemplifies the spirit of Worley. I'd like to thank each and every one of our people for their continued dedication.

Our people are the heart of our business. We are 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. We are committed to diversity in all its forms, and we recognize that our diversity is our strength.

Protecting our people remains paramount

Our safety performance is industry leading and safety, health and well-being is at the forefront of everything we do. This year however we sadly lost 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 their family and friends in our thoughts.

In pursuit of continuous improvement, we launched Life in January 2020. 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, challenge and improve.

The safety, health and well-being of our people, communities and the environment are fundamental to Life. Without it, nothing else matters.

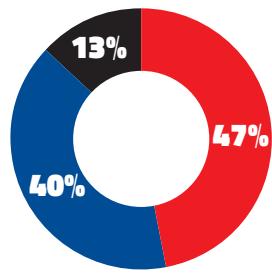
Delivering results

In FY2020, our aggregated revenue grew to \$11,249 million (up 75% on prior corresponding period) and underlying EBITA was up 80% to \$743 million. Underlying EBITA margins have improved and staff utilization remains on target. We delivered a strong underlying cash flow of \$881 million, compared to \$239 million in FY2019. Our diversified business has shown resilience with greater exposure to our customers' operating expenditure, sustaining capital contracts and the chemicals sector.

We have integrated the ECR business and we are now delivering the remaining integration activities as part of normal operations. We now have shared global systems in place for safety, sales and operations with financial systems in progress. We are delivering on our acquisition cost synergy commitments. We have already delivered savings of \$177 million per annum and have subsequently increased our target to \$190 million run rate by April 2021.

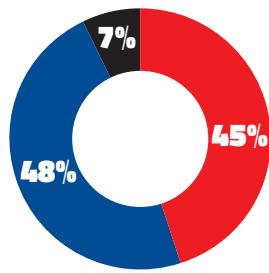
Our revenue

BY SECTOR



- Energy
- Chemicals
- Resources

BY BUSINESS MIX



- Operating expenditure
- Modification, sustaining and small capital
- Major capital projects

Redefining our purpose

A clear purpose and set of values are key aspects of our strategy. A series of workshops were held across the globe to understand the perspectives of our people. Their input has been shaped to form our new purpose and values. Together, they motivate and engage our people while sending a message to our stakeholders about who we are and the difference we can make in the world.

Our new purpose, **delivering a more sustainable world**, describes the intent that our work will make a significant contribution to more sustainable communities and nations, ultimately improving well-being and the health of the world in which we live.

Alongside our purpose, our values will guide, align and stretch our people. They represent the behaviors and standards we believe are fundamental for the right culture that underpins successful business outcomes.

We will deliver on our new Climate Change Position Statement

Our new Climate Change Position Statement signals where our future lies; as leaders in a world transitioning to consuming low-carbon and carbon-free energy. It will have an increasingly important role to play in our strategy.

We're committed to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions by 2030 and to proactively supporting our customers to reduce emissions on their projects and assets.

The biggest role we have to play is in supporting our customers on their sustainability journeys. Our Sustainable Solutions process empowers our people to use their technical skills to deliver quantifiable reductions in our customers' carbon emissions. We will help our customers to make the necessary long-term changes to energy systems for a low-carbon future. Our Responsible Business Assessment Standard will be used to assess our involvement in carbon-intensive projects.

Creating our future: our transformation strategy

We've been on our transformation journey since we completed the ECR acquisition. We've diversified into different markets and solidified our leadership position in energy, chemicals and resources.

Our transformation strategy puts us in a position to realize the opportunities that sustainability, including the energy transition, and the digitalization of our industry present. These opportunities exist across all the sectors we work in.

"We will work with our customers and other stakeholders to support them on their sustainability journeys."

We will support our customers through the energy transition.

Many of our customers have recently re-confirmed their commitment to the energy transition and their climate ambitions. We're undertaking many world-first projects that will define our industry's future. We have the expertise across our business that we can marshal and deploy anywhere to solve challenges. Where needed, we can deliver this at pace, and at scale.

We are driven by a common **purpose...**

...delivering a more sustainable world.



We value **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. We go the extra mile delivering new and better solutions to complex problems.



We are **Stronger Together**

We thrive in real relationships and partnerships. We nurture networks and collaboration. We recognize our differences make us stronger.



And we **Unlock Brilliance**

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

We will change the way we work by using automation and digital products supporting the digitalization of our industry.

Many of our customers are seeking fast to market, standard solutions and expecting an increasingly data-centric approach from design to delivery as well as for site operations. Our technology platforms are at the core of our value proposition and we are developing digital solutions for our customers.

We will deliver our services using engagement models

that reflect the value we bring. Our customers are seeking engagement models that deliver more efficient outcomes and meet the unique needs of each challenge. We will partner with our customers in models that drive innovation and value creation.

A new way of working

We're driving an accelerated cultural shift in the way we work as part of our transformation strategy. I believe this shift has been brought forward by as much as a decade; the global disruption we are facing acting as a catalyst for this change. We're simplifying our business to better support our customers, drive new ways of working and to support the execution of our strategy.

Our new way of working will deliver operational savings of approximately \$275 million per annum by 31 December 2021. We have already delivered \$165 million run rate savings at 30 June 2020. These savings are in addition to the ECR acquisition cost synergies. Our four focus areas are optimizing our property model, minimizing discretionary spend, increasing our use of shared services and streamlining our organizational structure.

With this reorganization, we will migrate our business into two geographic regions. The regional structure allows us to simplify how we engage with our customers and more effectively deliver work across the full asset life cycle. Project Delivery will ensure the highest quality work for our customers. New roles of Growth and Energy Transition & Digital will drive the development and implementation of our strategy. Given the importance of safety, health and well-being as well as the role of sustainability to our future, I'm pleased to have Health, Safety & Sustainability leadership join the Group Executive.

Our new Group Executive team is listed on page ten, and includes equal female representation. I am proud to lead this team.

Looking forward

This is an exciting moment in our history as we accelerate our transformation plans and step into a new future.

To our shareholders, thank you for the confidence you have in your company and for your support. To our remarkable people, it's you who have brought us to this position. I'm looking forward to seeing you continue to succeed, develop and grow to your full potential, motivated by knowing what we do makes a difference.

A handwritten signature in black ink, appearing to read "Chris Ashton".

Chris Ashton

Chief Executive Officer and Managing Director

Group Executive

The Group Executive is the senior leadership team for Worley. It comprises the leaders of our regions and functions. The Group Executive advises the Chief Executive Officer with regard to the effective and efficient functioning of the global business of Worley.



CHRIS ASHTON
Chief Executive Officer



TOM HONAN
Chief Financial Officer



KAREN SOBEL
Group President
Americas



VINAYAK PAI
Group President
EMEA & APAC



MARK TRUEMAN
Executive Group Director
Growth



GEETA THAKORLAL
President
Energy Transition & Digital



ANDREW BERRYMAN
Group President
Project Delivery



VIKKI PINK
Group Managing Director
People



MARIAN MCLEAN
Executive Group Director
Health, Safety & Sustainability



NUALA O'LEARY
Group Company Secretary



LARRY KALBAN
Group General Counsel
Legal

Our Transformation Strategy

To enhance our Company's leadership position in energy, chemicals and resources we will:



work with our customers and other stakeholders nationally and globally **to support them through their sustainability and energy transition journey**



change the way we work by leveraging **automation** and the use of **digital products and technology platforms**



deliver our services using engagement models that reflect the **value** we bring



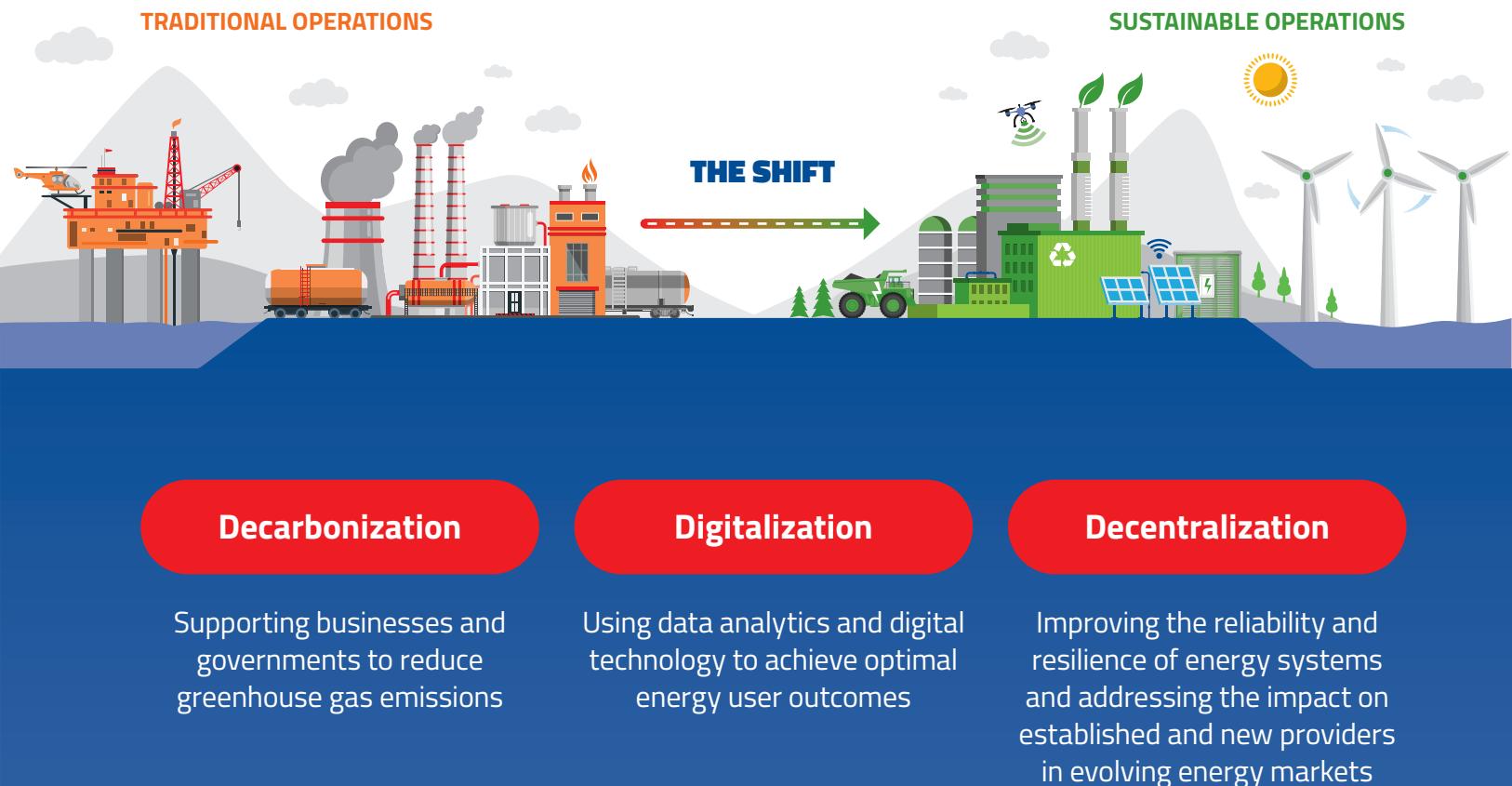
A leader in the global energy transition

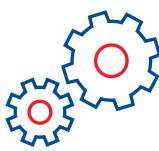
The energy transition is transforming the sectors in which we work. Global trends of decarbonization, digitalization, and decentralization are impacting all our customers.



To deliver the projects and technology required to transition the world's energy systems will require technical, engineering and project delivery expertise.

That's what we're known for doing best. We're supporting our people to develop solutions to solve the world's biggest challenges. To help our customers across all our sectors to make the necessary changes for a sustainable future.





Energy

Upstream and Midstream

The decline in the oil price in 2020 has caused many hydrocarbons production companies to reduce their planned capital spend in the calendar year by an average of 30%. Oil demand is expected to recover in FY2021, an outlook supported by broad-based OPEC+ production cuts. We are now more resilient to volatile market conditions through our recent acquisitions of UK Integrated Solutions and ECR. We've gained long-term contracts that are more exposed to the operating expenditure and sustaining capital expenditure budgets of our customers. We've also expanded our work with Middle East National Oil Companies and we continue to support the major International Oil Companies via global framework agreements.

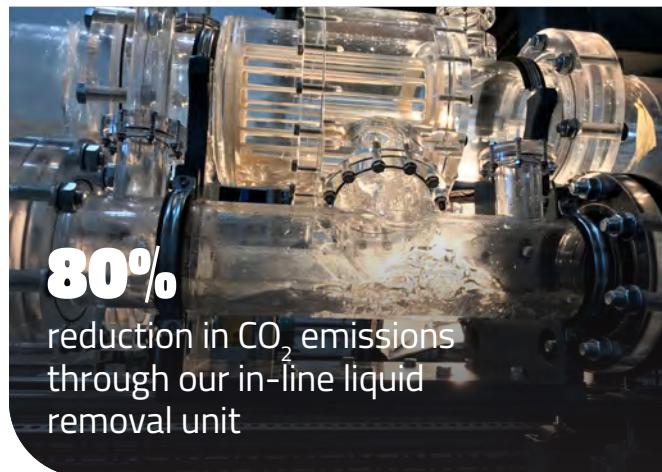
The drive to lower the carbon intensity of the oil and gas sector will continue

Shareholder pressure and social license needs are behind this shift. We expect global demand to position gas as the world's transition fuel, supporting the growth of the renewable energy sector. It's likely to remain a key area of investment in the coming years. Our world leading gas capability spans across the gas value chain from upstream to LNG regasification, gas-fired power generation to the emerging hydrogen economy. Our LNG center of excellence in Australia has been involved in 50% of the world's LNG liquefaction facilities and LNG regasification plants. We have long term operational support service contracts, supporting critical infrastructure in Australia, the US and around the world.

CASE STUDY

LOWERING CARBON INTENSITY OF OFFSHORE OPERATIONS

We are developing an in-line liquid removal system that increases the recoverable reserves of gas fields and reduces production CO₂ emissions. The unit removes the liquid produced by wells and condensed from the gas as it flows through the pipeline. The pseudo dry gas flows more efficiently allowing the distance of subsea tie-backs to be increased. The requirement for energy intensive compression can be eliminated, reducing CO₂ emissions by upwards of 80%. The Oil & Gas Technology Centre, Cranfield University, UK, and industry sponsors have supported the project development.



CASE STUDY

CARBON CAPTURE, UTILIZATION AND STORAGE

Gorgon CO₂ Enhanced Dehydration Project - Chevron Australia

The Gorgon CO₂ injection facilities are the world's largest of their kind and represent the largest greenhouse abatement project undertaken by industry. We expect that up to four million tonnes of reservoir CO₂ will be injected each year into the Dupuy Formation beneath Barrow Island. This will reduce greenhouse gas emissions from the Gorgon LNG facility by approximately 40%. 100 million tonnes of CO₂ will be injected over the life of the Gorgon Project instead of being vented to atmosphere per standard industry practice.

The Gorgon CO₂ Enhanced Dehydration Project enabled the safe and reliable start-up of the Gorgon CO₂ injection facilities. Our scope included engineering, procurement and supporting the construction, commissioning and start-up activities. The project implemented a number of significant modifications which ensured the injection facilities meet required parameters.



Inspection and maintenance of
over 70%
of the UK's offshore turbines

Power

Power is a core component of the energy transition. The Power sector shows strong growth as we continue the electrification of processes and energy users continue to seek low emissions options.

We have seen increased interest in renewables

The COVID-19 pandemic and depressed oil prices have impacted electricity markets and projects globally. As a result, there's been a drop in the use of coal and gas for generation. This, however, has led to an upswing in demand for renewable-related services. This includes electricity use in evolving value chains, such as low-carbon hydrogen, which are particularly relevant to our customers.

Given this outlook, our power business will continue to drive growth in technologies of higher complexity and low risk for commoditization.

We are focusing on our offshore wind business as the industry grows and matures

This includes expanding our operations and services following the acquisition of 3sun last year. We're seeing good market penetration of our distributed energy systems business and significant interest in our new VECKTA joint venture. Within this, and the emerging hydrogen economy, we see substantial opportunities for growth.

Our nuclear and combustion energy businesses also show good prospects, and we are continuously enhancing our capability across all power elements including electricity networks and operations and maintenance.

CASE STUDY

OFFSHORE WIND

Siemens Gamesa Renewable Energy (SGRE) has awarded Worley a contract for statutory inspections and general maintenance of wind-turbine-generator cranes and lifts across all turbines on the London Array offshore wind farm. This award follows the acquisition of 3sun in October 2019, which provided Worley with a leading position in the high growth offshore wind energy services sector in the UK and Europe.

The London Array offshore wind farm consists of 175 turbines installed over 20 kilometres, off the Kent coast in the outer Thames Estuary in the United Kingdom. Generating 630MW, the London Array offshore wind farm produces enough energy to power approximately 470,000 homes, displacing approximately 900,000 tonnes of CO₂ a year.

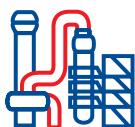


CASE STUDY

DISTRIBUTED ENERGY SYSTEMS

Worley has launched VECKTA – a joint venture revolutionizing the way microgrids and Distributed Energy Systems (DES) are delivered. DES refers to renewable and conventional power generation, storage and control systems that operate either on-site at a specific facility, or nearby and at the distribution level of the grid. Through VECKTA, Worley provides the world's most advanced energy system engineering tools to optimise DES design. The VECKTA platform offers the world's first integrated, cloud-based marketplace connecting those who need energy with a global network of equipment, finance and project delivery providers. VECKTA can assess and design DES **90% faster** than traditional methods using the core energy system optimization software developed by XENDEE. VECKTA empowers the industry to co-create low-carbon energy solutions that are reliable, cost competitive and safer than conventional solutions.

Over 31,000 microgrids have been modelled using the software, and we have delivered DES projects across North America and APAC, including a first-of-a-kind direct current microgrid for research and development at the University of Toronto.



Chemicals

Refining

Climate regulation, shifts in demand and tightening operating margins are creating global headwinds for the refining industry. This is driving attention towards petrochemical feedstock production and large oil to chemicals projects. Refiners remain focused on improving efficiency, reducing energy and operational costs, with a view to reducing carbon intensity.

In response to the short-term disruption to jet fuel and gasoline demand the COVID-19 pandemic has caused, refiners have reduced throughput and delayed maintenance and turnaround programs.

As the world emerges from the COVID-19 pandemic, we expect fuel demand to increase

Initially, this demand will be for gasoline and diesel, followed by jet fuel. As a result, this will accelerate the market dominance of large export refining hubs and investment in Asia. Smaller, simpler refineries will remain under pressure.

Our business has shown resilience to market changes

This is because our refining business relies on a mix of expansion and sustaining capital spend. We're a leading global player in delivering renewable diesel projects. We're continuing to see increased capital spend in these energy transition fuels, particularly in Europe and the US. And we expect this to accelerate as governments direct stimulus towards investment in new energy.

Petrochemicals

Investment will continue to follow GDP growth rates and the sector is expected to show increased growth once again from 2021. This is due to underlying trends in population demographics and continual product substitution by plastics.

The COVID-19 pandemic has affected demand with varying impacts

Demand for polypropylene and low-density polyethylene has surged. This is linked to increased production of personal protective equipment and single-use food wrapping. As the global economy emerges from the pandemic, we are expecting an increase in petrochemicals demand, especially in Asia.

Low crude prices and decreased demand for fuels will add another dimension to investment

Historically, lower crude oil prices are a catalyst for petrochemical investments in countries that depend on imports, particularly China and India. At the same time, producing countries look to integrate petrochemicals complexes with their refineries as a way to maintain profitability.

We are focused on becoming a full-service, global leader in plastic waste recycling

Plastic waste recycling and the production of bio-based plastics continue to attract global attention, with a number of new technologies moving from concept to demonstration – and into commercialization.

CASE STUDY

CIRCULAR ECONOMY

Our experience in technology development within the Refining and Chemicals sector as well as our scale-up knowledge has allowed us to contribute in the early stages of the developing circular economy. We have partnered with Agilyx and INEOS Styrolution to provide engineering design services for a commercial-scale polystyrene chemical recycling facility in the US. We are also the engineering partner to Velocys for their projects in the US and UK to convert waste feedstocks into sustainable aviation and road transport fuels. In addition, we are providing front end engineering design services to develop Avantium's 100% plant-based product that is a key building block for many chemicals and plastics.



CASE STUDY

RENEWABLE DIESEL

We have been involved in almost every major renewable fuel project in the US in the last ten years. Over the last five years we have worked on projects that contribute to over 50% of the total renewable diesel capacity in the US, positioning us well for the \$25 billion investment we expect in the US and Europe over the next 10 years. These projects are driven by California's Low Carbon Fuel Standard and US Environmental Protection Agency Renewable Identification number credits. Canada and Europe have similarly implemented or are targeting low-carbon intensity fuel standards to drive a wave of renewable fuel investments. Our global footprint allows us to support customers in these regions.

In 2020 we provided detailed engineering services to convert an existing crude oil refinery to a 100% renewable diesel operation in the US. We are now working on engineering and procurement activities for multiple renewable diesel projects in the US and Europe, including refinery conversions and standalone plants, with an anticipated aggregate output of 2.5 billion gallons per year.



Our projects contribute to

over 50%

of the renewable diesel capacity in the US

Specialty Chemicals

Specialty chemicals continue to be our focus within the broad chemicals sector. This is because the market demonstrates the highest mid to long-term growth, particularly in end-user markets positively impacted by the COVID-19 pandemic.

These include:

- detergents
- electronic chemicals
- specialty polymers
- nutraceutical ingredients.

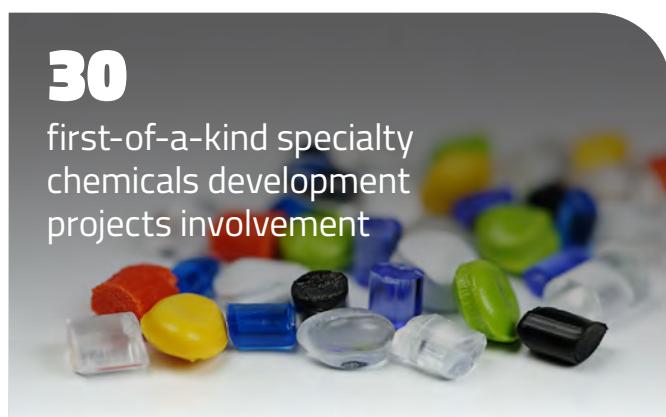
The specialty chemicals market is expected to grow at a rate of almost double global GDP

Our centers of excellence are located in the world's growth areas for specialty chemicals – namely Europe, China and the US. We can access and deploy this capability to support projects anywhere in the world. We have long-standing relationships with the top producers in Europe and North America and we have global reach across Asia, where the majority of investments are expected.

Projects tend to be driven by innovation and are centered on a speed-to-market approach. We're developing a new delivery model in collaboration with our customers to meet these requirements; we intend to be the global leader for project delivery in this market.

30

first-of-a-kind specialty chemicals development projects involvement



CASE STUDY

SPECIALTY CHEMICALS

We work across all segments of the chemicals sector to produce bulk chemicals such as methanol and chlor-alkali, as well as specialist polymers, surfactants, improved catalysts and other specialty chemicals.

Our services – from developing new molecules to project delivery to operational and digital solutions – have supported our customers for more than 65 years. We've been involved in over 30 first-of-a-kind specialty chemicals development projects. We collaborated with INEOS Styrolution during technology development and FEED and are currently the EPCM services provider for their first acrylonitrile styrene acrylate facility in the US.



Resources

Mining, Minerals & Metals

Demand uncertainty following the COVID-19 pandemic has given rise to volatility in commodity pricing. Companies may defer greenfield capital spend across most commodities, although spend on bringing replacement mines into production will remain a strong feature in iron ore.

Commodity demand is highly geared towards China

Chinese consumption represents 70% of global seaborne iron ore demand. It also represents 50–55% of demand for copper, aluminium, nickel and zinc. We expect the recovering Chinese economy and fiscal stimulus to support commodity consumption.

Major and mid-tier customers enjoy strong balance sheets and recovering demand

We expect confidence in miners' capital spend to improve in the latter part of calendar 2020 as access to remote sites becomes easier for people and materials and the industry gears up to meet improved demand for commodities in the years ahead. The trend towards accelerated sustaining capital investment is continuing, as miners seek to extend the life of mines, improve productivity and maintain market share.

Long-term underlying global trends support growth commodities

These include iron ore, copper, gold and fertilizers. As significant, near surface deposits are depleted, the need to exploit deeper, more complex orebodies at the lowest cost will drive the industry. Underground mining is where companies will spend proportionally higher capital in the future. It is capital intensive and developing successful solutions will call for close, collaborative relationships.

Customers will continue to focus on improving operational efficiency via data-enabled and automated technology. We remain focused on building our digital mine concept to increase capital and operational efficiency of assets and to improve safety. Our immediate focus is on investing in phosphates in North Africa and Middle East, iron ore in Australia as well as copper and gold across all key mining markets.

CASE STUDY

DIGITAL MINE OF THE FUTURE

We are leading in the development and implementation of digital solutions for the mining industry. Our goal is to adopt technology to increase efficiency in project delivery, operational performance and long-term sustainability outcomes. Our approach maximizes the use of the digital asset, smart construction solutions, field computing technologies and a reduced operational carbon footprint. We have created an asset information lifecycle and a digital asset information framework to help customers manage their physical and digital asset for the whole life of mine through multiple projects. This includes key components such as digital platforms for modelling, visualization and analytics, truckless mining, sensor integration, digital twins, modularization and automation and control systems.

CASE STUDY

NEWCREST LIHIR

The Worley Projects & Engineering Alliance Team supporting the Newcrest Lihir Operation in Papua New Guinea (PNG) provide a wide range of services covering the entire project delivery life cycle. Our work includes all areas on the island: from the gold processing plant and its support infrastructure to projects off the mining lease which benefit the local community. As an alliance, our community improvement programs have included the distribution of personal solar lights to children living in isolated villages, reforming a local beach with recycled mine-site tyres and water sanitation for seaside communities.

Creating further economic value and expanding opportunities for PNG nationals will remain a focus for both companies. In establishing the alliance, one of our key commitments was that we would be able to offer local people jobs, mentoring and career development with Worley.



Achieved **9%**
increase in overall
copper production



CASE STUDY

NEXTORE

NextOre, our joint venture with CSIRO and RFC Ambrian has developed a magnetic resonance (MR) ore sorting technology which provides near instantaneous whole-of-ore grade estimates. MR works by pulsing radio waves into a moving sample of ore and measuring the response. The radio signal is tuned specifically to the resonant frequency unique to the target mineral, producing accurate real-time grade measurements. Waste material can be diverted before entering the processing plant, resulting in higher mill feed grades and lower amount of waste material being processed

and sent to tailings. The measurable efficiency improvements allow mining companies to take a leap forward in sustainability, reduce site consumption and decrease unit costs.

In 2019 NextOre worked with a TSX-listed company to install a bulk ore sorting plant at their mine in Latin America. Despite very high operational mixing, overall copper metal feed to the plant increased over the four-month evaluation period by as much as 9% without any other change to activities.

Global Operations





51,855
PEOPLE

Sustainability

A leading global provider of professional services headquartered in Australia, delivering project and asset services in the energy, chemicals and resources sectors around the world.

We solve complex problems and deliver projects safely. Our relationships and partnerships support the delivery of sustained economic, social and environmental progress for communities across the world.

Our industry touches people's everyday lives. We apply the breadth and depth of our expertise to address some of the largest and most complex challenges in our world.

Our people represent many nationalities and cultures and speak many languages. We continually look for opportunities to make a difference in the communities in which we work. We are agile and innovative and go the extra mile to deliver new and better solutions: we deliver projects, provide expertise in engineering, procurement and construction and offer a wide range of consulting and advisory services.

We cover the full lifecycle, from creating, sustaining and enhancing assets right through to decommissioning and rehabilitation.

Embedding our approach

- Our Code of Conduct sets the standard for ethical and professional behaviour we expect our people and partners to uphold.
- Our management system establishes a globally consistent approach for how we do business safely and sustainably.
- Our Life safety, health and well-being approach outlines expectations and provides programs and tools to support the safety, health and well-being of our people, communities and the environment.
- Our Climate Change Position Statement aligns our ambitions with those of the Paris Agreement and the UN Sustainable Development Goals and recognizes our role to share and grow our expertise in support our customers' decarbonization efforts.
- The Worley Foundation is an example of one of the ways we deliver sustained economic and social progress.

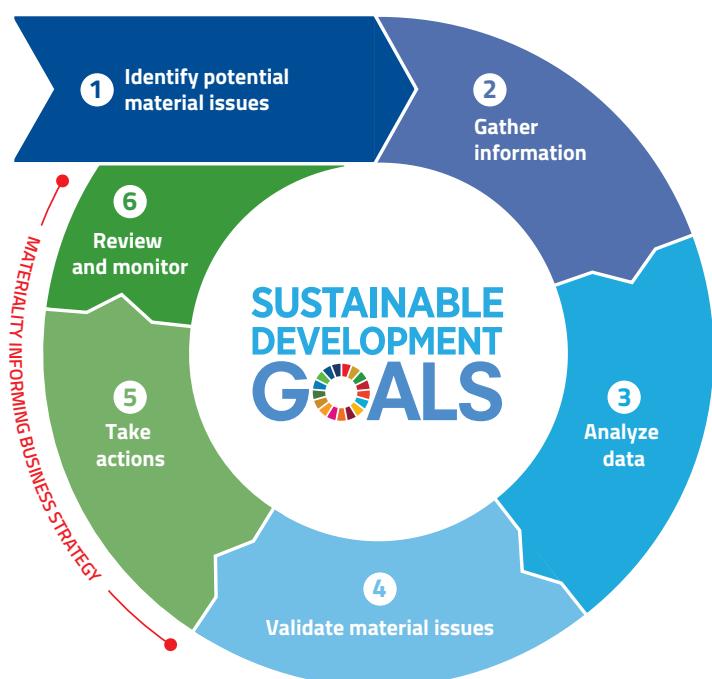
Materiality review

Materiality process

Our sustainability materiality reviews identify what topics are important to our key stakeholders and our business, and allow us to report to these stakeholder groups. The criteria we use in our materiality assessment align with the United Nations (UN) Sustainable Development Goals.

During FY2020 we:

- surveyed ten institutional investors
- surveyed 1,340 employees for their view on Worley's sustainability program
- completed desktop reviews to identify the key material issues for our top 24 customers
- engaged with two of our long-term community partners.



We asked our key stakeholder groups which topics and UN Sustainable Development Goals they viewed as important to Worley. We found a strong agreement around three key themes.

Our material issues

Our stakeholders shape our business strategy. The three material sustainability issues emerging from our latest materiality review are health and well-being, climate change, and affordable, sustainable access to clean energy.

While we completed our assessment before the COVID-19 pandemic, the results are considered valid and useful in a post-COVID-19 world. This is due to the long-term nature of climate change and energy transition issues, and the enduring importance of safety, health and well-being in our business. Further, these three issues have an impact on our stakeholders' assessments and decision-making about Worley.



We support healthy lives and promote well-being



We support access to sustainable and modern energy



We combat climate change and its impacts

The survey identified the following issues were of importance to one or more of our stakeholder groups and to our business. We particularly note our role in creating employment and supporting economic growth. We play a key role supporting our customers to create significant economic growth via their projects.



Diversity and inclusion



Working conditions and economic development



Innovation and infrastructure



Bribery and corruption

Our actions positively impact the achievement of additional UN Sustainable Development Goals as indicated throughout this report.



Environment: Caring for our planet

We provide our customers and governments with solutions for environmental and sustainability issues.

Climate change

We undertook the following key activities to support action on climate change:

- we formalized Board level governance over the sustainability program following a change in charter and name from the Health, Safety and Environment Board committee, to the Health, Safety and Sustainability Board committee (Board HSSC)
- we formed the Energy Transition Working Group (ETWG), to steward consideration of the energy transition into strategies and plans across the business
- we published a revised Climate Change Position Statement along with a supporting set of strategic actions
- we developed Sustainable Solutions, a new sustainability approach, for launch in FY2021. The new process prompts us to help our customers find opportunities to reduce carbon emissions on projects.

METRICS

The Group completed a response for the Carbon Disclosure Project (CDP) for FY2019 and FY2020 which was reported in August 2020.

This year we developed a new approach to assessing our greenhouse gas emissions. It combines the best from the methods used by WorleyParsons and ECR.

This year we also set a target to achieve net zero Scope 1 and Scope 2 emissions by 2030.

In April 2019 WorleyParsons acquired ECR to form Worley, which approximately doubled the size of the business. The data for FY2020 is the first full year as Worley and will serve as our baseline year for our net zero ambition.

Data for greenhouse gas emissions and energy consumption for FY2019 and FY2020 were:

Indicators	2020		2019	
	Intensity per person ⁴	Total	Intensity per person ⁴	Total
Greenhouse gas emissions tCO ₂ -e	2.99	136,026	2.44	81,420
Energy consumption MWh	10.75	488,384	8.63	288,167

Alignment to the UN Sustainable Development Goals:



Climate Change Position Statement and commitment to strategic actions

Worley acknowledges the findings of the Intergovernmental Panel on Climate Change. We contribute our project delivery and technical expertise to enable our customers to meet the world's changing energy needs in a safe, responsible and sustainable manner, in line with the ambitions of both the Paris Agreement and the United Nations Sustainable Development Goals.

Worley is committed to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions by 2030, and to proactively supporting our customers to reduce emissions on their projects and assets. We will keep our stakeholders informed of our strategy and progress against established metrics, including the recommendations of the Task Force on Climate-related Financial Disclosures.

We commit to the following strategic actions:



develop a net zero road map for our Scope 1 and Scope 2 greenhouse gas emissions



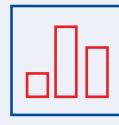
review our Scope 3 emissions and develop a plan to reduce these



help our customers to reduce their emissions using our Sustainable Solutions process



assess our involvement in carbon-intensive projects using our Responsible Business Assessment Standard



report our progress in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

⁴ Refer to the Worley Sustainability Definitions Document 2020 for definitions.

Task Force on Climate-related Financial Disclosures (TCFD)

Responding to climate change and the energy transition and supporting our customers towards a low-carbon future are key elements in our business strategy. We manage the risks climate change poses to our business using a variety of governance and business processes. Our assessment against the 11 elements of the TCFD framework for the period is presented below.

We will continue to analyze the physical and transitional exposures to our business posed by climate change in order to capture associated opportunities and risks in our key markets of energy, chemicals and resources. We commit to disclose our further progress in FY2021. We commit to disclose our further progress in FY2021.

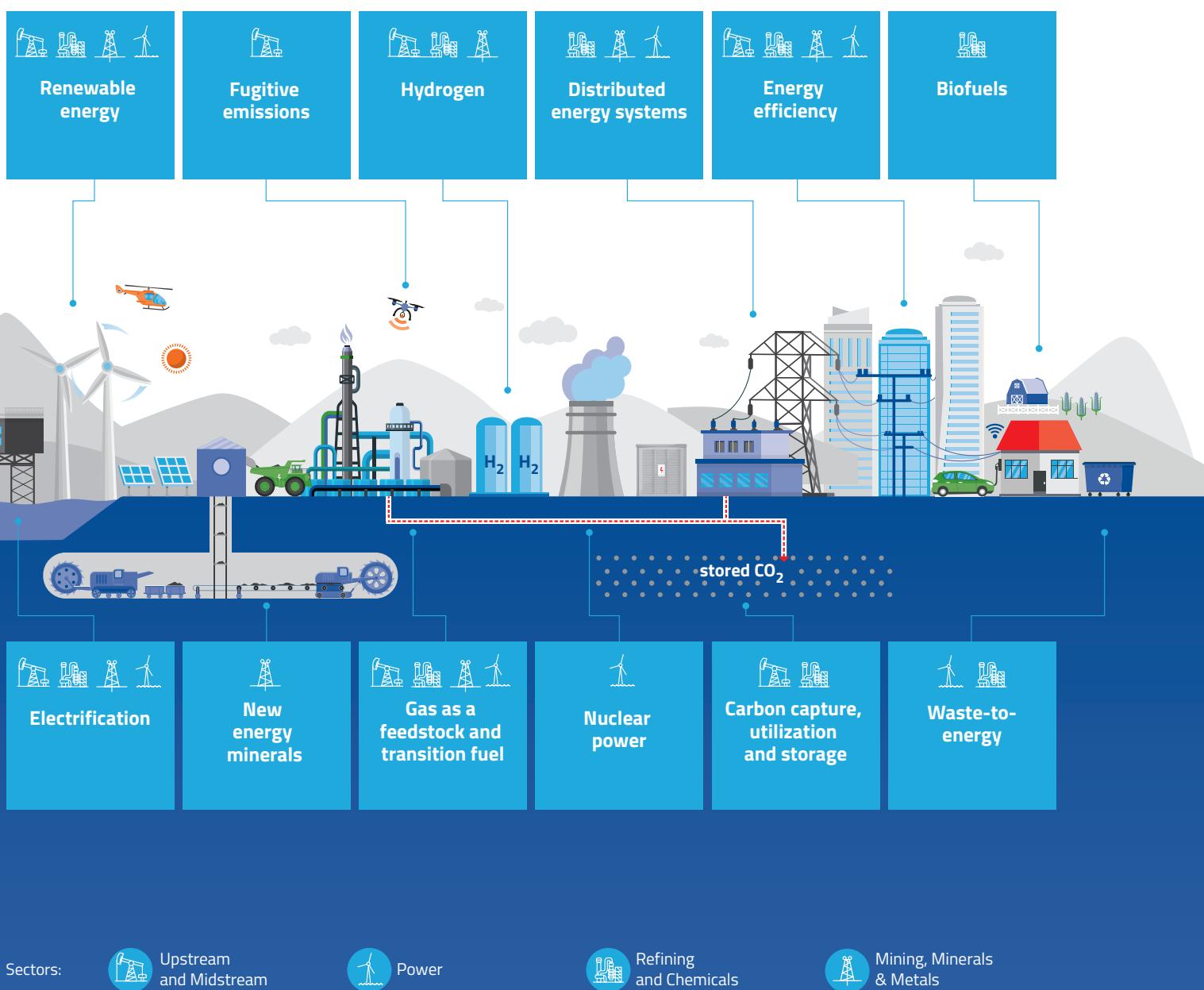
Recommendations	Sources	Comments/disclosure examples
Governance – disclose the organization's governance around climate-related risks and opportunities		
a) Describe the Board's oversight of climate-related risks and opportunities b) Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> ▪ Board HSSC charter⁵ ▪ Climate Change Position Statement ▪ Audit and Risk Board committee (Board ARC) charter⁵ ▪ Energy Transition Working Group (ETWG) charter ▪ Investor Day pack⁶ p. 37 ▪ Annual Report p. 24 ▪ Corporate Governance Statement p. 6, 7 	<ul style="list-style-type: none"> ▪ The Board balances the company's near term objectives with longer-term drivers that include management of climate-related risks ▪ Board HSSC makes recommendations about resources, processes and performance regarding the Climate Change Position Statement and associated reporting ▪ Board ARC monitors climate change, sustainability and energy transition risk and opportunities and makes recommendations to the Board on any policy or public reporting in relation to climate change as it relates to the Group ▪ Our Group Executive has Executive Group Director Health, Safety & Sustainability with responsibility for our sustainability (incorporating climate change) strategy and disclosures, and President Energy Transition & Digital with responsibility to drive our energy transition business strategy ▪ ETWG is a cross-business working group that develops energy transition and climate change responses and provides guidance to the business and functions for incorporation into strategies and future planning ▪ Executive HSSC evaluates health, safety and sustainability material risks and issues along with progress and suitability of response.
Strategy – disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> ▪ Investor Day pack⁶ ▪ Annual Report p. 40 ▪ Sustainability Report p. 14-22, 32 	<ul style="list-style-type: none"> ▪ Responding to climate change and the energy transition and supporting our customers towards a low-carbon future are key elements in our business strategy ▪ Risks and opportunities are identified in the markets and customers we serve, so that the company can both capitalize on the significant opportunity offered by the capital programs associated with the energy transition, but also to mitigate risks associated with declining industries as the world transitions ▪ Strategic responses are developed within the existing business and functional structures of the company and are integral to our planning processes and performance reporting ▪ Worley uses the International Energy Agency Sustainable Development Scenario for strategic planning and develops business resiliency pathways accordingly across its portfolio of businesses and geographies ▪ Our R3 group support business continuity readiness and response associated with physical risks including extreme weather events or rising temperatures.
Risk Management – disclose how the organization identifies, assesses, and manages climate-related risks		
a) Describe the organization's processes for identifying and assessing climate-related risks b) Describe the organization's processes for managing climate-related risks c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	<ul style="list-style-type: none"> ▪ Annual Report p. 33, 40 ▪ Sustainability Report p. 44 ▪ Risk Management Policy⁵ 	<ul style="list-style-type: none"> ▪ Climate change is embedded into our business risk processes and tools which include: <ul style="list-style-type: none"> ▪ Risk Management Policy and Risk Management Standard ▪ Responsible Business Assessment Standard, which includes carbon intensity in risk screening of project opportunities ▪ scenario forecasting processes ▪ Special Risks Standard, to identify very high risks that could have financial or reputational damage implications ▪ security and resilience management processes, which include the need for response plans for climate-related disasters ▪ quarterly risk reporting to the Board ARC.
Metrics and Targets – disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> ▪ Annual Report p. 24, 57 ▪ Sustainability Report p. 11-13 ▪ CDP report FY2020 ▪ Climate Change Position Statement 	<ul style="list-style-type: none"> ▪ Climate Change Position Statement commits to net zero target for Scope 1 and 2 emissions. Progress will be reported annually in our CDP submission and Sustainability Report ▪ Strategic action to investigate Scope 3 emissions of most relevance to Worley by the end of FY2021 ▪ Carbon emissions are reported via the annual CDP report and also in our Sustainability Report ▪ From FY2021 our new deferred equity plan which applies to the Group Executive, will include a metric relating to delivery of our Sustainability Action Plan.

5 For policies and charters, refer to the Corporate Governance page in the Investor relations section of the Group's website (www.worley.com).

6 The Investor Day pack is available from the Reports & Presentations page in the Investor relations section of the Group's website (www.worley.com).

Worley has a big part to play in the global energy transition.

The projects and infrastructure needed to decarbonize the world's energy systems require significant technical, engineering and project delivery expertise. We support our customers as they make the necessary long-term structural changes to energy systems for a lower-carbon future.



New energy project experience



Solar power	Wind power	Geothermal, hydro & ocean power	Nuclear power	Biofuels & waste-to-energy	Hydrogen	Distributed energy & storage	Electrification & energy efficiency	Carbon capture, utilization and storage
310+ Solar power projects	650+ Wind power projects	280+ Geothermal, hydro and ocean power projects	200+ Nuclear power projects	120+ Waste to energy & biofuel projects	70+ Hydrogen projects	200+ Distributed energy and storage projects	180+ Electrification, energy efficiency and grid transformation projects	200+ Carbon capture, utilization and storage
950 MW World's largest CSP/PV hybrid project	310 MW Largest onshore wind farm (and largest in Africa)	20 GW Largest hydropower project	4.8 GW Largest nuclear power plant project	15 million gallons/year of sustainable jet fuels in a key project	36 GW Largest green hydrogen electrolyser studied, combined with offshore wind	30 MW Largest battery energy storage project	\$20M/yr Savings achieved through energy efficiency and electrification for a single industry client	100 MT of CO ₂ expected to be captured and stored on world's largest carbon capture, utilization and storage project
2,600 MW Largest offshore wind farm								

CASE STUDY

THE FUTURE OF JET-SETTING: GREEN AVIATION FUEL TRANSFORMS WASTE TO ENERGY

Flying from A to B is getting cleaner with the use of green jet fuel refineries.

We're working alongside Velocys on Europe's first waste-to-jet fuel plant to turn household waste into clean-burning fuel for aviation and road transport. We're delivering pre-feasibility, feasibility and front-end engineering and design packages.

When the plant is operating it will receive hundreds of kilotonnes of waste destined for landfills or incineration every year, and create sustainable fuel. The process will reduce net greenhouse gas emissions by 70% compared to regular fuel. Further, the sulphur content will be reduced to almost zero and particulate matter by up to 90%.

"Aviation and heavy goods transport remain the hardest sectors to decarbonize. Passenger vehicles can be electrified, but aeroplanes and trucks require much higher energy density. Low-carbon fuels are essential to achieve net zero targets in these sectors," said Velocys Chief Executive Henrik Wareborn.

"The technology helps these industries unlock a decarbonized future. This is made possible through access to abundant but difficult-to-process feedstocks, such as municipal solid waste and woody biomass residues. The fuels produced meet all required regulatory standards and can be used without any modification to engines."

Local authorities in the United Kingdom have approved the site application, with financial close targeted for 2022. The facility is expected to be operational in 2025. Following completion of the UK facility, we will work with Velocys to use the same technology to design and build another facility in the United States.

Alignment to the UN Sustainable Development Goals:



Water

As the climate changes and populations grow, water security and risks to sustainable, economic water supplies will increase. In FY2020, our water service line became global, enhancing our ability to bring our water capabilities to our customers.

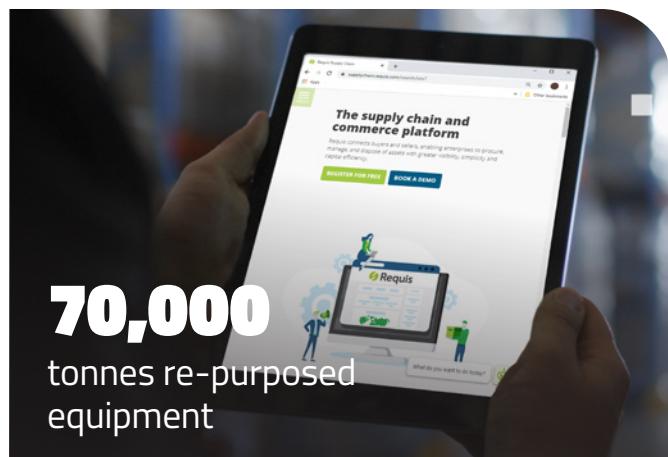
Together with industrial customers and governments who interface with these facilities, we provide solutions for:

- water supply resiliency and security
- flooding and climate change impacts
- new regulations and the impact on aging infrastructure
- changing water quality
- lifecycle cost reductions.

Circular economy

Over the past year we have delivered waste-to-energy solutions supporting the energy transition as well as plastics-related circular economy projects.

We also support circular economy solutions through our Requis platform. Requis connects buyers and sellers online, encouraging the re-use of redundant and excess materials while reducing demand and decarbonizing supply.



SUPPORTING A CIRCULAR ECONOMY THROUGH REQUIS ONLINE EQUIPMENT EXCHANGE PLATFORM

Requis is our supply chain and commerce platform. It provides an efficient and sustainable way to buy, manage and sell goods. And encourages the reuse of redundant and excess materials, reducing demand and decarbonizing supply. This year, Requis has helped repurpose approximately 70,000 tonnes of materials and equipment in the energy, chemicals and resources sectors.

Alignment to the UN Sustainable Development Goals:



CASE STUDY

CLEANING UP PLASTIC POLLUTION IN OUR SEAS

Plastics have contributed to significant advancements in many industries, from medicine and water supply to digital technology and more. However, poor end-of-life management damages the natural environment.

That's why we were engaged to develop a plastic debris harvesting solution to help clean up the world's oceans and bring ocean plastics into the circular economy. This one kilometer long and three meter deep rubber barrier is designed to intercept and trap floating debris. It features a self-propelled floating marine plastics harvester powered by natural wave motion, and a conveyor that removes plastic debris from the ocean to a storage container, without harming marine life.

The waste is then collected by a mother ship and returned to land to be recycled into methanol, which in turn, powers the ship, complete with carbon capture technology onboard.

"This project showcased just how much expertise we have that can contribute to solving complex global environmental problems. We have environmental scientists, naval architects, materials handling specialists, process engineers, and project delivery experts who bring it all together," said Worley Project Engineer, Lana Dzananovic.

Alignment to the UN Sustainable Development Goals:





Social: Our People and Communities

Alignment to the UN Sustainable Development Goals:



Safety, health and well-being

We launched our safety, health and well-being approach 'Life'. Life is a people-focused approach supported by programs, systems and tools. It builds on our strong safety and well-being practices to design and deliver projects safely. We introduced four new Life programs in FY2020:

- **Life-Saving Rules:** Aligned with a common set of industry practices, our easy-to-follow rules relate to safety control systems, confined spaces, driving, energy isolation, hot work, line of fire, safe mechanical lifting, work authorization, and working at heights.
- **Take5 for Safety:** This program helps people build knowledge and skills around situational awareness and the identification, communication and management of risks. The process involves using five human instincts to review work and home environments: 1) Stop 2) Look 3) Identify 4) Discuss and 5) Control.
- **Life Conversations:** Talking and listening are part of Life. Conversations help people create a respectful environment where they feel safe to speak up and take action.
- **Life Matters:** A well-being program focusing on physical, mental and social well-being. The program includes our Employee Assistance Program, a network of mental health champions, training materials and online resources, which support a safe and respectful workplace.



Management system

We have a comprehensive management system which is built around a set of fundamental minimum standards designed to keep our people safe and healthy. We brought together the best of our heritage organizations' systems to evolve our Worley health, safety and environment management system.

Process safety

We work with our customers to apply our predictive analytics tool to identify process safety gaps. We established a Process Safety Working Group to support improvements to process safety in industrial sectors. Members of this group collaborated with industry through contribution to a newly published IChemE (The Institution of Chemical Engineers) Global Process Safety Centre guidance document on process safety during project concept selection. In addition, the group wrote an article for the Australian Petroleum Production & Exploration Association on process safety learnings.

Crisis management

Ready, Response and Recovery (R3) is our security and resilience management system. We use it to protect our people and assets from prospective critical incidents, as well as manage the impact of events. Worley activated all 44 R3 teams globally to guide our people and critical infrastructure projects to safety during the global COVID-19 pandemic.

We're deeply saddened to have lost a member of our team this year. One of our vehicles was travelling on a public road when a power pole fell and impacted the vehicle cabin.

METRICS

Our approach to reporting safety metrics includes our people and contractors, as well as joint venture partner employees where we have operational control.

We align our reporting requirements with the United States Occupational Safety and Health Administration for Total Recordable Case Frequency Rate (TRCFR)⁷ and Lost Workday Case Frequency Rate (LWCFR)⁷.

The Serious Case Frequency Rate (SCFR)⁷ was introduced as a reporting metric in FY2020 to support transparent reporting of fatalities, permanent disabling injuries/illnesses and events with the potential for fatalities, permanent disabling injuries/illnesses.

In our first full year as Worley, we demonstrate a flat and decreasing trend across our LWCFR and SCFR metrics respectively. This is a good result given that the organization acquired a significant field-based workforce of approximately 10,000 people with the acquisition of ECR in late FY2019.

Indicators	2020	2019
TRCFR	0.16	0.14
LWCFR	0.03	0.03
SCFR	0.06	0.08

⁷ Refer to the Worley Sustainability Definitions Document 2020 for definitions.

Talent, learning and leadership development

We believe in building a workplace where people can grow their skills and experience. We are continuing to invest in our workplace, people and leaders in new and bold ways.

We are shaping our workforce through our leaders. Some notable development programs in FY2020 were:

Learning programs

Our 'The Edge' series supported our people to learn about human behaviors and team dynamics. Approximately 7,000 of our people attended these monthly sessions.

Graduate Development Program

Welcomed 900 new graduates around the world to learn on the job and be mentored by senior leaders.

Global Sales and Marketing Future Leaders Program

Enabled high-potential employees to gain future leader skills.

We implemented working-from-home as a response to COVID-19. In a matter of weeks, we mobilized more than 40,000 of our people to being able to work from home in response to COVID-19. We have rapidly developed our learning platform to deliver flexible learning options to our people supporting Worley as a learning organization.

Diversity and inclusion

Our FY2020 milestones were to create harmonized and updated global People policies to support a diverse and inclusive environment. We also transitioned eight people network groups from WorleyParsons and ECR to form Worley networks facilitating our inclusion and belonging goals, and established our global Diversity and Inclusion Council.

Our new Group Executive team appointed this year includes equal male and female representation.

We developed our first Reconciliation Action Plan in Australia, and in Canada, we continue to work through the Progressive Aboriginal Relations certification program.

The Black Lives Matter movement instigated a call to action for leaders to educate themselves on issues of racism and inclusion. Our leaders led discussions with our people and acknowledged the global and local social unrest. We communicated a strong position of intolerance of racism and exclusion and a refreshed commitment to diversity in all its forms.

In addition, there was increased leadership and people support for our LGBTIQ+ people with the Pride@Worley network relaunching their Allies network through global webinars.

Support from our CEO and Group Executive for our black and LGBTIQ+ work family members was visible with these leaders participating in webinars, posting videos and holding small group forums to listen to the issues these groups encounter.

METRICS

This year marked the end of the initial gender diversity objectives set for the Group by the Board to FY2020.

The Group achieved two of the three objectives, shown in the table below, the most notable being the increase of women into senior executive roles⁸ now at 39% (from 26% in FY2019), which exceeds the goal of 25% by FY2020.

The objective to increase women employees to 30% was not achieved. In FY2019 we reported our percentage of women was adversely affected by the ECR acquisition which notably impacted the makeup of the Group's workforce with a significant addition of skilled trade roles. The percentage dropped to 18% in FY2019 from 21% in FY2018. This year we saw a slight increase to 19% women in FY2020.

Measures	Objectives	2020	2019
Women employees ⁸	Increase the proportion of women employees to 30% by FY2020	19%	18%
Women senior executives ⁸	Increase the proportion of women senior executives to 25% by FY2020	39%	26%
Women non-executive directors	Increase (or maintain) the number of women non-executive directors to 3 by FY2020	3	4

In FY2020 the Board set new objectives out to FY2025 to continue to advance gender diversity and measure and improve ethnic diversity. The next five years will be used to drive a step change in Worley's diversity in our Group Executive, senior leaders⁸ and graduate roles.

Our targets to FY2025 are:

- to have a Board composition of at least 30% female
- retain gender diversity of Group Executive at equal male and female representation
- increase the female representation in our senior leaders and general workforce
- achieve a minimum of 50% female hires for the collective annual global graduate intake
- increase the representation of non-Caucasian people in our senior leaders⁸ and in our graduate intake.

In FY2021 we will develop more defined targets and identify options to baseline our culture of inclusion. We will develop actions and targets to increase the performance, innovation and creativity of our people, and we will identify recognized benchmarks that are appropriate for our business.

⁸ Refer to the Worley Sustainability Definitions Document 2020 for definitions.

Worley Foundation

The Worley Foundation focuses on strategic investment in communities in which we operate to support the 2030 agenda of the UN Sustainable Development Goals and create shared value. This year our efforts focused on science, technology, engineering and mathematics (STEM), skilled volunteering and enterprise development.

Our Worley Foundation projects in 2020:

- helped a global network of STEM students learn about energy transition and participate in Worley's Energy Transition Contest alongside The New York Academy of Sciences/Global STEM Alliance
- supported online STEM learning in response to COVID-19 restrictions with Let's Talk Science in Canada
- created pathways to education and employment for Aboriginal students in Australia through The Graham (Polly) Farmer Foundation's respectful learning model
- vetted the structural design of BillionBricks' powerHYDE innovation to prototype a sustainable solution to help solve the global housing crisis, as well as provided localized cost-rates for cost estimation in California where more than half of all unsheltered people in the United States live
- helped equip local women in India and Nepal to lead low-income communities out of poverty by distributing products, such as solar lights that improve health and save time and money
- supported mining companies to ensure they have strong anti-corruption controls when securing mining or exploration licences, with Transparency International's Responsible Mining Business Integrity Tool
- contributed sponsorship and volunteering for the Centre for Affordable Water and Sanitation Technology for a 3rd year, supporting training and technical solutions for drinking water quality projects in Colombia
- supported scientific research in the Antarctic, Subantarctic and Southern Ocean as a Trailblazer10 supporter of the Antarctic Science Foundation.

The Worley Foundation also matched the donations of our people to the Red Cross Australian bushfire disaster relief and recovery campaign. This resulted in more than \$130,000 being donated by the Worley Foundation and our people.

Corporate financial donations

We contributed a total of \$2,664,160 to a broad range of sustainability initiatives from addressing poverty in India to providing wheelchairs for disabled elders in Mongolia.

A portion of this related to obligations to comply with Broad-Based Black Economic Empowerment legislation requirements in South Africa and section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 in India to reinvest in communities.

Measure	2020 Amount
Total	\$2,664,160
Legislated contributions	\$1,111,140
Non-legislated contributions	\$1,553,020

CASE STUDY

LIVING FOR TODAY, PLANNING FOR TOMORROW: COVID-19 RESPONSE

Our workplaces and industries look different today than they did one year ago as we respond and adapt to the impact of COVID-19.

Over 40,000 of our people transitioned to working from home

In early January 2020, we began monitoring and reporting on the suspected new virus. Soon after, we commenced travel restrictions and began transitioning teams to work from home. In some cases, this transition was complete in 24 hours; and involved delivering IT infrastructure to people's homes in difficult circumstances to maintain our commitment to delivering quality outcomes for our customers.

By the end of March, more than 80% of our people were working and learning from home.

This was made possible by our R3 team's existing pandemic response plan. A cross-functional working group was also established to coordinate our response globally. We kept our people informed about federal and municipal government responses, and supported their mental health, while monitoring those impacted by the virus.

Our Information Technology (IT) support teams were on hand to support as we implemented working-from-home project delivery processes and new ways of working in the field. We are now developing re-entry and remobilization plans.

10,000 of our people continued to work on sites throughout the crisis

We've created new ways of working on sites to support our people working in the field on our customers' critical infrastructure projects to supply energy and other essential resources globally. These include physical distancing, additional sanitation measures, providing our craft workforce with extra personal protective equipment, such as masks, and additional cleaning of protective equipment. We have evolved work schedules to minimize risk to workers and their families and introduced new safety processes, such as temperature checks.

We have also provided support and information for our people who have tested positive for COVID-19. This included ensuring they had access to medical providers, mental well-being support, and maintaining engagement throughout their recovery period.

"I am immensely proud of how rapidly we identified and responded to the COVID-19 risks, and how quickly our people adapted to working from home or the changing site working conditions while still delivering to our customer expectations," said Marian McLean, Worley Executive Group Director Health, Safety & Sustainability.

Alignment to the UN Sustainable Development Goals:





Governance: Operating Responsibly

Policy framework

We work with our customers and suppliers to achieve results that grow our company, reward our shareholders and our people and contribute to our communities. We have a system of governance and operational controls in place to instil and reinforce a culture of acting lawfully, ethically and responsibly. These processes, policies, commitments and partnerships are summarized in our sustainability governance framework on the next page.

During FY2020 we:

- continued to improve our modern slavery prevention program. We increased and expanded training and awareness, embedded a risk assessment within our due diligence program and strengthened our process for review and approval of red flags.
- refreshed our responsible business assessment process. This elevated decision-making regarding some risk factors to CEO and line of business leader level to increase awareness of these risks across the organization.
- implemented an enhanced program of continuous vulnerability scanning and increased our formal 'threat hunting' exercises to proactively protect our data and systems. We introduced a designated 'IT Security Month' during which group discussions, seminars, educational courses were provided to our people.
- reported that we paid approximately \$641 million in effective tax contributions in FY2019⁹. This, combined with local spending by our people on diverse goods and services, is a significant direct economic contribution to the economies where we operate.

Ethics and whistleblowing

We delivered Code of Conduct training to more than 42,000 Worley contractors, employees and business partners during FY2020. Code of Conduct training for field-based or craft workforce personnel was delivered during the first half of FY2020. Training of office-based people took place during the second half of FY2020.

We have an ethics helpline available to all our people across 49 countries. Our Ethics Reporting and Whistleblower Standard provides protection to whistleblowers and encourages reporting of unethical behavior.



Alignment to the UN Sustainable Development Goals:



The Worley Compliance team responded to 186 allegations of Code of Conduct breaches raised via our ethics helpline. There was a high level of utilization across our business, including our craft workforce. 42% originated from this cohort. During FY2020 40% of allegations were substantiated or partially substantiated, 43% were unsubstantiated and 17% remained open and under investigation. This year, we upgraded the service with an expansion to six new locations, and added a simplified report for managers and our People Group to capture all cases and expand our case history for trend analysis.

We comply with all applicable prevention of bribery and corruption legislation. We have zero tolerance for bribery, fraud and other types of corruption, including the prohibition of facilitation payments. We continue to apply our Gifts and Entertainment standard, which includes a strict protocol for registering gifts and entertainment both given and received.

Sustainability Report

This year we replaced our Corporate Responsibility Performance Report with the publication of our first Sustainability Report, providing a more comprehensive analysis of our sustainability program and progress.

The Sustainability Report is published annually and is issued as our 'communication of progress' for the UN Global Compact. It is aligned to the Global Reporting Initiative (GRI) Standards: Core option.

Please refer to our company website for the FY2020 Sustainability Report.

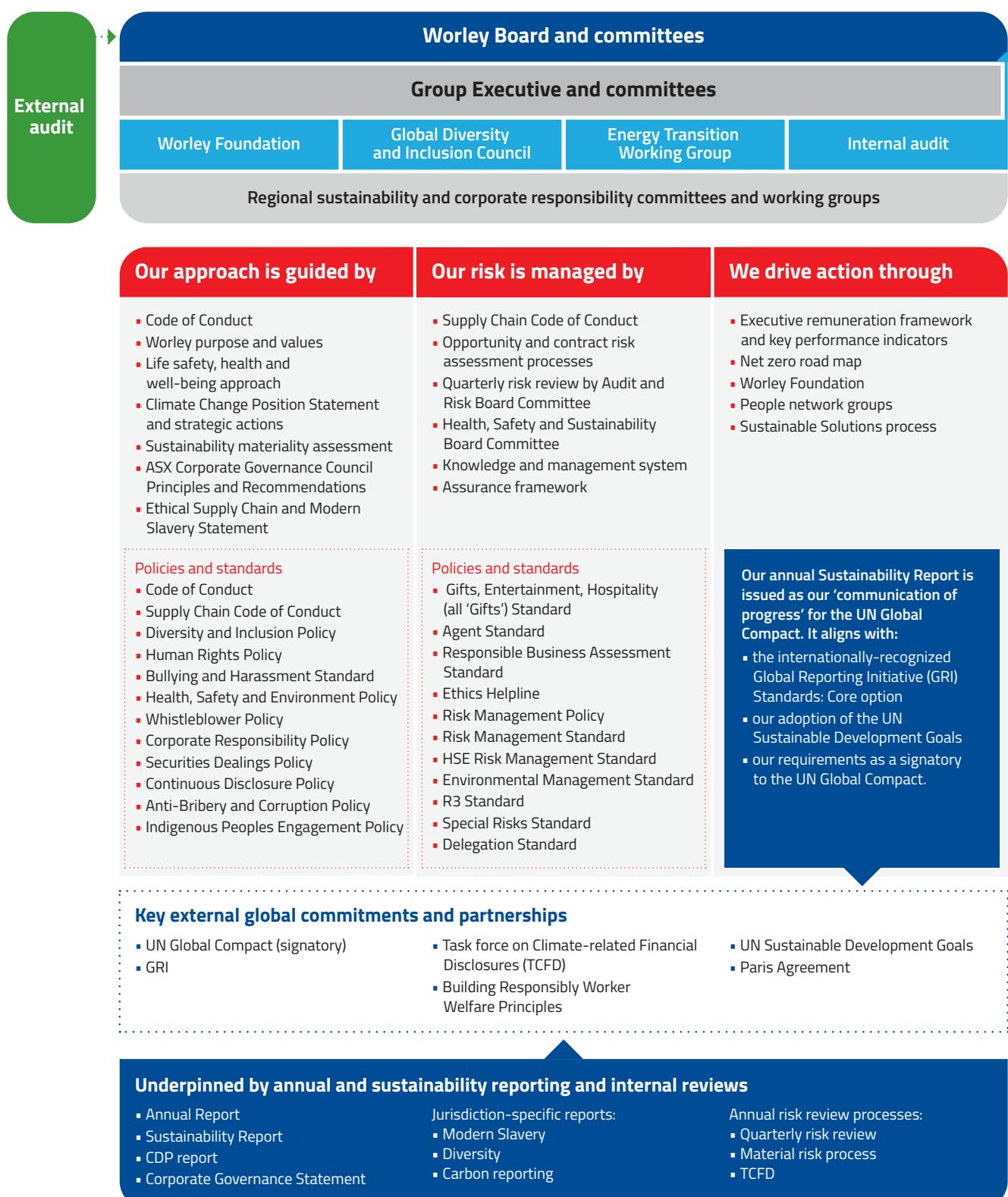
Independent verification

Independent assurance supports our commitment to transparency and accountability. Independent third-party auditors provide limited assurance, in accordance with the Australian Standard on Assurance Engagements ASAE 3000, on Worley's sustainability performance data on a biennial basis. Assurance will next be conducted in FY2021.



⁹ The Tax Contribution Report is completed after all tax lodgments are made globally. As such, the timing of these lodgments occurs after the financial reporting requirements. Therefore, FY2019 figures are presented in the FY2020 report.

Our sustainability governance



Operating and Financial Review

1. OPERATIONS

1.1 OVERVIEW

Worley is a global company headquartered in Australia and a leading global provider of professional project and asset services in the energy, chemicals and resources sectors.

We operate in four lines of business: Energy & Chemicals Services, Mining, Minerals & Metals Services, Advisian and Major Projects & Integrated Solutions including construction and fabrication yard activity.

We report the four lines of business. We also service and report three sectors, each of which is focused on customers involved in the following activities:

1. Energy - the production of energy from various sources (for example, oil and gas, wind and other renewables) as well as projects related to all forms of power generation, transmission and distribution;
2. Chemicals - the manufacture, processing and refining of chemicals (for example, petrochemicals, polymers and speciality chemicals); and
3. Resources - the processing of mineral and metal resources, and resource projects related to water, the environment, transport, ports and site remediation and decommissioning.

Our customers include multi-national energy, resources and chemicals companies as well as more regionally and locally focused companies, national oil companies and government owned utilities operating in the customer sectors described above. We offer a range of services from small studies to the delivery of major projects as well as a suite of digital products and proprietary technologies.

Our core strength is the diversity of our business in terms of geography, industry and service offerings. We operate in 49 countries, with our largest country, the United States, representing 26% of aggregated revenue. Our ten largest customers account for 42% of aggregated revenue. We now have greater exposure to our customers' operating expenditure contracts which represent 45% of our aggregated revenue and 55% of our work associated with capital expenditure contracts. 87% of our capital expenditure contracts are long term, sustaining capital projects.

1.2 BUSINESS MODEL

Our people provide project delivery and technical expertise to our customers. We empower our people to work with our customers to support their success. We support our people with our business procedures and systems and generate earnings by charging for their time spent performing professional and field-based services. At 30 June 2020, over 80% of our work is reimbursable and we do not enter into material lump sum turn-key contracts.

Aggregated revenue and profit: Our sources of revenue and profit are diversified and generated from many customers. As a result, we do not depend on any one of our customers for a significant portion of our revenue or profit. Aggregated revenue excludes revenue that has nil margin (this typically relates to procurement revenue where we undertake procurement on our customers' behalf with no exposure to financing costs or warranty obligations). We believe the disclosure of revenue attributable to associates provides additional information in relation to the financial results of the Group and include this revenue within aggregated revenue.

Costs: Our two largest costs are staff costs, and technology and administration costs, which includes office lease costs. We also have pass-through costs reimbursed by our customers.

Assets and liabilities: The significant items on our balance sheet are mainly project related such as trade receivables, unbilled contract revenue and provisions, and borrowings. We also hold a number of intangible assets generated through previous acquisitions. Our business is not capital intensive. Our customers pay us at longer intervals than our payments of expenses (for example, staff salaries). This time differential, including the

time from incurring the costs to invoicing the customer, makes up the majority of our working capital requirements.

1.3 REVIEW OF OPERATIONS

The COVID-19 pandemic has resulted in a rapidly changing environment for Worley's business. Our priorities have been, and continue to be, to protect our people, maintain operational and financial integrity, support our customers and to create value for all our shareholders. We have actively managed business fundamentals through this period of global disruption. Two global task forces were established. The COVID-19 pandemic task force was mobilized to identify, assess and respond to the challenges presented by the pandemic and to protect the health and well-being of our people. Over 40,000 of our office-based people were transitioned to work from home, continuing to deliver projects for our customers. With modified site practices, we kept our people safe and continued to support our customers' critical infrastructure. The global business response task force was established to support the implementation of actions to protect operational and financial integrity, including:

- maintaining productivity on projects and operational support services;
- improving our liquidity position;
- postponing all non-essential capital expenditure;
- protecting cash and managing receivables; and
- optimizing staffing levels and costs while retaining capability.

The COVID-19 pandemic acted as a catalyst to accelerate our transformation and new ways of working. We announced an operational savings program focused on improving underlying performance.

Our more diversified business has shown resilience during this period of global disruption and our agile response to business matters within our control has resulted in the results outlined below. We will continue to respond to the economic conditions as the global impact of COVID-19 evolves. The result for FY2020 was a net profit after tax excluding the post-tax impact of amortization on intangible assets acquired through business combinations (NPATA) of \$252 million, compared with \$173 million in FY2019. Underlying NPATA was \$432 million for FY2020, up 66% or \$172 million on the previous corresponding period. Aggregated revenue increased by 75% driven by the ECR acquisition.

Our headcount is 51,855 people and we maintain a presence in 49 countries, compared with 57,831 people across 51 countries at 30 June 2019.

Our backlog is \$16.8 billion compared to \$18.7 billion at 31 December 2019, with new contract awards in the second half of the financial year greater than backlog consumed. Backlog has been impacted by the effect of COVID-19 on operations and maintenance contracts as a result of the postponement of the site shutdown season in the United States and site access restrictions. Under our backlog definition, we effectively re-value our long-term operations and maintenance contracts every six months by applying the most recent quarter work hours run rate over a 36-month period. There has been minimal impact from project cancellations. Further backlog reductions were caused by foreign exchange translation impact and the sale of an asset from a Tier 1 to a Tier 2 customer as previously announced. We continued to win work with around \$2 billion of contracts awarded in Q4, in line with contracts awarded in Q4FY19.

We have strengthened our financial position with a strong underlying operating cash flow of \$881 million. In April 2020, we renewed existing and established new debt facilities of a combined \$945 million. Leverage has decreased to 1.8x and our gearing ratio excluding lease liabilities is 18.3% at 30 June 2020. As a result of the adoption of AASB 16 *Leases* on 1 July 2019 our gearing ratio is 22.9% at 30 June 2020.

The reconciliation of the underlying earnings before interest, tax and amortization on intangible assets acquired through business combinations (EBITA) and underlying NPATA results to the EBITA and NPATA attributable to members of Worley Limited is shown in the following table:

	FY2020 \$'M	FY2019 \$'M
Total EBITA	498	308
<i>Impact of acquisitions:</i>		
Acquisition costs		
Transition costs	147	35
Other	-	10
<i>Impact of transformation and restructuring:</i>		
Payroll restructuring	41	-
Impairment of property assets	51	-
Onerous contracts and other costs	29	-
Government subsidies, net of direct costs	(18)	-
Impact of arbitration award ¹	(3)	9
Certain one off other income items	(7)	-
Gain on sale of investment	(2)	-
Impairment of investment in equity accounted associates	7	-
Underlying EBITA	743	413
NPAT attributable to members of Worley Limited	171	152
<i>Impact of acquisitions:</i>		
Acquisition costs	-	51
Transition costs	147	35
Other	-	10
Interest income on term deposits, net of capitalized costs write off	-	(27)
US Foreign Tax Credits (FTC) write off due to acquisition of ECR	-	14
<i>Impact of transformation and restructuring:</i>		
Payroll restructuring	41	-
Impairment of property assets	51	-
Onerous contracts and other costs	29	-
Government subsidies, net of direct costs	(18)	-
Impact of arbitration award ¹	(3)	9
Certain one off other income items	(7)	-
Gain on disposal of investment	(2)	-
Impairment of investment in equity accounted associates	7	-
Net tax expense on the items excluded from underlying earnings	(66)	(8)
Tax from changes in tax legislation	1	3
Underlying profit after income tax expense attributable to members of Worley Limited	351	239
Amortization of intangible assets acquired through business combinations	109	28
Tax effect on amortization of intangible assets acquired through business combinations	(28)	(7)
Underlying NPATA attributable to members of Worley Limited	432	260

¹ (Increase)/reduction in revenue from an arbitration award in relation to a dispute with a state-owned enterprise.

THERE ARE THREE MEASURES THAT ARE KEY TO UNDERSTANDING OUR RESULTS:

1. AGGREGATED REVENUE;
2. EBITA (EARNINGS BEFORE INTEREST, TAX AND AMORTIZATION); AND
3. NPATA (NET PROFIT AFTER TAX AND AMORTIZATION) ATTRIBUTABLE TO MEMBERS OF WORLEY LIMITED.

	FY2020 \$'M	FY2019 \$'M	Comments	Movement
1. Aggregated revenue	11,249	6,439	We define aggregated revenue as: <ul style="list-style-type: none">• our revenue and income calculated in accordance with relevant accounting standards;• plus our share of revenue earned by our associates; and• less procurement revenue at nil margin, pass-through revenue at nil margin and interest income.	Our aggregated revenue increased by 75% in FY2020 when compared with that for FY2019, driven by the full 12-month contribution of ECR in FY2020.
2. EBITA (statutory)	498	308	EBITA means earnings before interest, tax and amortization on intangible assets acquired through business combinations.	Our statutory EBITA has increased by 62% in FY2020 when compared with that for FY2019, due primarily to the full 12-month contribution of ECR in FY2020.
	743	413		Our underlying EBITA has increased by 80% in FY2020 when compared with that for FY2019. Underlying EBITA margin has increased from 6.4% in FY2019 to 6.6% in FY2020.
3. NPATA (statutory)	252	173	NPATA means net profit after tax excluding the post-tax impact of amortization on intangible assets acquired through business combinations.	Statutory NPATA increased by 46% to \$252 million in FY2020 compared with \$173 million in FY2019.
	432	260		Underlying NPATA increased by 66% in FY2020, driven by the acquisition of the ECR business.

1.3.1 LINE OF BUSINESS PERFORMANCE²

ENERGY & CHEMICALS SERVICES

The Energy & Chemicals Services includes (greenfield and brownfield) engineering, procurement, project management, program management and operations. In cooperation with Worley's Advisian and Major Projects & Integrated Solutions lines of business we support customers across the full asset life cycle of their facilities, whether onshore, offshore or deep water. The Energy & Chemicals Services line of business reported aggregated revenue of \$4,952 million and segment result of \$492 million (FY2019: aggregated revenue of \$2,855 million and segment result of \$252 million). The segment margin increased to 9.9% from 8.8%, reflecting higher relative contribution from Chemicals customers as well as synergy realization.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	4,952	73	44	492	95%	9.9	
FY2019	2,855		44	252		8.8	

² In FY2020 certain global costs were reallocated to professional services costs and construction and fabrication costs. FY2019 was restated for comparative purposes.

MINING, MINERALS & METALS SERVICES

The Mining, Minerals & Metals Services line of business combines extensive local experience and innovative, integrated solutions with technically-led centers of excellence to explore process improvements, develop fit-for-purpose engineering and project execution, and accelerate the translation of customer objectives into actions that drive production and project certainty. The Mining, Minerals & Metals Services line of business reported aggregated revenue of \$1,184 million and segment result of \$60 million (FY2019: aggregated revenue of \$286 million and segment result of \$26 million). Aggregated revenue increased in line with the full 12-month contribution of ECR. The segment margin decreased to 5.1% from 9.1% largely due to a positive project outcome in FY2019 which on a relatively small aggregated revenue amplified the prior year segment margin percentage.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	1,184	314	11	60	131	5.1	
FY2019	286		4	26		9.1	

MAJOR PROJECTS & INTEGRATED SOLUTIONS

Major Projects focuses on successfully delivering those projects that pose a higher level of commercial and reputational risk for Worley by the nature of their size, complexity and the scope of services we will be providing. Integrated Solutions delivers maintenance, modification, operations, engineering, fabrication, construction, hook-up and commissioning services to existing assets around the globe. The Major Projects & Integrated Solutions lines of business reported aggregated revenue of \$4,540 million and segment result of \$332 million (FY2019: aggregated revenue of \$2,744 million and segment result of \$217 million). Aggregated revenue increased in line with the full 12-month contribution of ECR and growth in the Cord and Norway businesses. The segment margin decreased to 7.3% from 7.9% primarily due to increased volumes of lower margin construction revenue in North America.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	4,540	65	40	332	53	7.3	
FY2019	2,744		43	217		7.9	

ADVISIAN

Advisian is a global consulting firm that provides a true end-to-end offering for clients, with approximately 2,700 consultants across 23 countries integrating strategy, management and technical consulting expertise to clients in the hydrocarbons, resources and infrastructure sectors. Advisian reported aggregated revenue of \$573 million and segment result of \$37 million (FY2019: aggregated revenue of \$554 million and segment result of \$33 million). The segment margin improved to 6.5% from 6.0% reflecting higher margins in the Comprimo® business acquired as part of the ECR transaction.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	573	3	5	37	12	6.5	
FY2019	554		9	33		6.0	

1.3.2 SECTOR PERFORMANCE³

ENERGY

The Energy sector reported aggregated revenue of \$5,302 million and segment result of \$391 million with a margin of 7.4% (FY2019: aggregated revenue of \$4,480 million, segment result of \$404 million and segment margin of 9.0%). Energy's contribution to the Group's aggregated revenue was 47%, decreasing from last year due to the full 12-month contribution of ECR. The reduction in margin reflects lower margin construction revenue in addition to reduced customer activity in the second half.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	5,302	18	47	391	(3)	7.4	
FY2019	4,480		70	404		9.0	

³ In FY2020 certain global costs were reallocated to professional services costs and construction and fabrication costs. FY2019 was restated for comparative purposes.

OPERATING AND FINANCIAL REVIEW CONTINUED

CHEMICALS

The Chemicals sector reported aggregated revenue of \$4,525 million and segment result of \$446 million with a margin of 9.9% (FY2019: aggregated revenue of \$1,326 million, segment result of \$84 million and segment margin of 6.3%). Chemicals contributed 40 % to the Group's aggregated revenue increasing in line with the 12-month contribution of ECR. The segment margin has increased despite a higher proportion of lower margin construction revenue in North America.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	4,525	241	40	446	431	9.9	
FY2019	1,326		20	84		6.3	

RESOURCES

The Resources sector reported aggregated revenue of \$1,422 million and segment result of \$84 million with a margin of 5.9% (FY2019: aggregated revenue of \$633 million, segment result of \$40 million and segment margin of 6.3%). Resources' contribution to the Group's aggregated revenue increased to 13% in line with the full 12-month contribution of ECR.

	Aggregated revenue		Contribution to Group aggregated revenue		Segment result		Segment margin
	\$'M	Variance %	%	\$'M	Variance %	%	
FY2020	1,422	125	13	84	110	5.9	
FY2019	633		10	40		6.3	

1.4 SIGNIFICANT CHANGES IN OPERATIONS

- On 21 October 2019, shareholders passed a resolution to change the name of the Company to Worley Limited at the Company's Annual General Meeting.
- On 25 October 2019, the Group acquired 100% of the shares in the 3sun Group Ltd, a UK based offshore wind energy installation, inspection and maintenance business. The acquisition will provide us with a leading position in the high growth offshore wind energy services sector in the UK and Europe.
- On 12 November 2019, Worley Group Inc, a wholly owned subsidiary of Worley Limited, and XENDEE Inc. created VECKTA Corporation, a USA incorporated joint venture. VECKTA owns and operates a cloud-based market platform for microgrids and distributed energy systems. The Worley and XENDEE respective shareholdings are 51% and 49%.
- On 24 February 2020, Andrew Wood retired as our Chief Executive Officer and Managing Director. Chris Ashton was appointed as Chief Executive Officer and Managing Director of the Group. Andrew Liveris became Deputy Chairman and Martin Parkinson joined the Board.
- In June 2020, we announced a reorganization effective 1 July 2020. Profit and loss have moved from a line of business structure to a regional model. We now report through three regions: the Americas; Europe, Middle East and Africa (EMEA); and Australia, New Zealand, India, Asia and China (APAC). Operations are managed in two regions: the Americas as one region; and EMEA & APAC as the other. Our four lines of business are now embedded within the regions. Our new structure simplifies how we engage with our customers so we can deliver work more effectively across the full asset life cycle. It better enables us to collaborate across the business and bring the best of our capability to help our customers solve their complex challenges. The two regions are supported by global functional teams. Our Project Delivery services team ensures development of critical technical capabilities, enhances the technical career paths for our people, and drives the highest quality work for our customers. Growth encompasses setting strategy across the company and aligning the execution of strategic priorities. The Energy Transition & Digital team will elevate our focus on transformative trends. Financial reporting by three sectors, Energy, Chemicals & Resources, will continue. As the reorganization is effective 1 July 2020, it had no impact to the financial position or financial performance of the Group for the year ended 30 June 2020.
- Cost synergies from the ECR acquisition related to IT, property and business costs have increased from original expectation of \$130 million to \$190 million run rate. Synergies of \$177 million run rate have been achieved at 30 June 2020 and we are on track to deliver our increased target run rate by April 2021.
- Additional operational cost savings of \$275 million (annual run rate) resulting from optimizing our property model, minimizing discretionary spend, increasing our use of shared services and streamlining our organizational structure are expected to be delivered by 31 December 2021. Savings of \$165 million have been delivered by 30 June 2020. The costs associated with the transformation and restructuring will be more than paid off in the first full year of savings.
- The Group adopted AASB 16 *Leases* on 1 July 2019. A modified retrospective approach was adopted, and the prior period comparatives have not been restated for the impact of the adoption of the new standard. The adoption of this standard has resulted in an increase of \$10 million to EBITA and a decrease of \$8 million to NPATA compared to if the previous lease accounting standard was used.

2. FINANCIAL POSITION AND CASH FLOW

2.1 MATTERS RELEVANT TO UNDERSTANDING WORLEY'S FINANCIAL POSITION

OUR FINANCIAL CAPACITY REMAINS STRONG BASED ON CASH, GEARING AND DEBT POSITIONS.

	FY2020 \$M	FY2019 \$M	Comments	Movement
1. Operating cash flow ⁴	682	236	Our operating cash flow comprises the payments we receive from our customers less the amount we pay our suppliers plus related interest and tax paid. In our financial statements, operating cash flow is called net cash inflow from operating activities. In the financial accounts, operating cash flow is \$829 million. After deducting lease liability payments (\$147 million), which from FY2020 are classified as financing cash flows in accordance with AASB 16 <i>Leases</i> , the comparable operating cash flow is \$682 million.	Operating cash flow has improved due to increased cash flow from the contribution of the ECR business and improved cash collection across the Group.
2. Underlying operating cash flow	881	239	Our underlying operating cash flow treats leases as operating cash flows and excludes payments for transformation, restructuring and other costs, government subsidies and procurement cash movement.	Underlying cash flow has improved due to increased cash flow from the contribution of the ECR business and improved cash collection across the Group.
3. Gearing ratio ⁴	18.3%	20.9%	Our gearing ratio is our net debt divided by the sum of our net debt and our total equity, at the end of the financial year. AASB 16 <i>Leases</i> was adopted on 1 July 2019 bringing lease liabilities on to the balance sheet from FY2020. Including lease liabilities our gearing ratio is 22.9%.	Our gearing ratio decreased by 2.6 percentage points in FY2020 when compared with that for FY2019. This ratio is below our gearing target of 25% to 35%.
4. Debt facility utilization	57.3%	72.7%	Our debt facility utilization is the percentage of our debt facilities that we were using at the end of the financial year.	Our debt utilization has decreased as a result of strong operating cash flows during the period.
5. Loan and overdraft facilities	3,256	2,962	Our loan and overdraft facilities are the amount of our debt facilities available at the end of the financial year.	Our loan and overdraft facilities increased primarily due to the \$465 million newly established debt facilities offset by matured unsecured notes payable of \$109 million.

⁴ Calculated on a pre-AASB 16 *Leases* basis, which was adopted prospectively from 1 July 2019.

2.2 DIVIDENDS

Our directors resolved to pay a final dividend of 25 cents per fully paid ordinary share, including exchangeable shares, unfranked. This is in addition to the interim dividend of 25.0 cents per share. As a result, 60% of our full year underlying net profit after tax excluding the post-tax impact of amortization on intangible assets acquired through business combinations for FY2020 will be distributed to shareholders as a dividend.

2.3 SIGNIFICANT CHANGES IN WORLEY'S FINANCIAL POSITION

In April 2020, we announced we had secured an additional \$465 million in 12-month facilities. These new facilities have been established on similar terms as existing facilities. Including these new facilities, in April 2020 we renewed existing and established new facilities of a combined \$945 million.

2.4 FUTURE COMMITMENTS

As at 1 July 2019 post the adoption of AASB 16 *Leases*, there are three types of future commitments which do not appear on our balance sheet and are relevant to understanding of our financial position:

- operating leases that were exempt from recognition on the balance sheet (short term, low value or variable payments leases);
- capital expenditure commitments; and
- operating expenditure commitments.

The adoption of AASB 16 *Leases* has resulted in a significantly smaller amount of commitments which do not appear on our balance sheet compared to prior period. As a modified retrospective approach was adopted for AASB 16, prior period was not restated for the impacts of the adoption. The expenditure commitments that do not appear on our balance sheet represent approximately 2.0% of our expenses.

We execute activities in creating and building capitalizable software, purchasing fixed assets or computer software as required. Capital expenditure commitments refer to commitments in relation to such activities. In addition, we are generally licensed to use software for our

business operations, rather than owning software. We refer to such commitments as operating expenditure commitments.

3. BUSINESS STRATEGY, OUTLOOK AND RISKS

3.1 BUSINESS STRATEGY

Our transformation strategy focuses on driving business value, growth and operational excellence to enhance our leadership position in Energy, Chemicals and Resources. Our strategic architecture integrates three levels of insight to create a comprehensive strategy that is responsive to our changing industry and global context:

1. understanding the macro trends and shifts that shape the external environment in which we operate;
2. identifying and prioritizing markets, customers and opportunities in line with our purpose and business focus; and
3. developing sales/operational business plans and key performance indicators to drive strategy execution and performance growth.

Through this process, we identify strategic priorities based on their unique importance to sustaining our growth. Each strategic priority is underpinned by our energy transition, digital and commercial innovation strategic activities.

3.2 OUTLOOK

The current economic circumstances have led to a rapidly changing environment for Worley's business, making the near- to medium-term outlook more difficult to predict than in previous years. We are a more resilient business following the completion of the acquisition of ECR with increased diversification across geographies and sectors as well as greater exposure to our customers' operating expenditures. Our diversification, particularly given our presence in North America, will continue to be important as different sectors and regions recover at different rates. We have managed business fundamentals with agility and we will continue to adjust as the global disruption evolves.

OPERATING AND FINANCIAL REVIEW CONTINUED

In FY2021 we will continue to prioritize protecting our people, maintaining financial and operational integrity and supporting our customers, to create value for all our shareholders. We are on track to deliver the \$190 million ECR acquisition cost synergy target as well as the \$275 million operational savings target as we accelerate our transformation. We will consider balance sheet capacity for high return opportunities in line with our transformation strategy.

The long-term market continues to indicate that sustainability, including the energy transition, and the digitalization of our industries will open opportunities across all the sectors we serve. Worley has the global scale, and the technical and financial strength to support our Energy, Chemicals and Resources customers as they navigate a changing world.

3.3 RISKS

Achievement of our medium- and long-term objectives could be impacted by a number of risks. Those risks could, individually or together, have an adverse effect on achievement of those objectives.

Set out below is an overview of a number of key risks that we face in seeking to achieve those objectives. The risks are not set out in any particular order and do not comprise every risk we encounter in conducting our business or every risk that may affect the achievement of those objectives. Rather, they are the most significant risks that we believe we should be monitoring and seeking to mitigate or otherwise manage at this point in time.

The risk management measures set out below are a sample of the steps we take to seek to mitigate the various risks. However, the risk exists that we may fail to implement or fully implement those steps or that they may be entirely or partly ineffective.

COVID-19 has had an impact across many of our risks outlined below. We have monitored carefully the impact to our people, our ability to deliver to our customers and maintain strong operational and financial performance. Worley established two global task forces in the third quarter of FY2020 to support risk management and mitigation activities in response to COVID-19. The COVID-19 pandemic task force was mobilized to identify, assess and respond to the challenges presented by the pandemic and to protect the health and well-being of our people. The global business response task force was established to support the implementation of actions to protect operational and financial integrity.

Actions were taken early to adjust and adapt ways of working to minimize risk to our people and our business, many of which are described throughout our annual report.

3.3.1 SUSTAINABILITY RISKS

The nature of our work may give rise to environmental or social risks. We identify environmental and social aspects of our work and their potential impact and put in place controls and monitoring to address them. We believe that we have a responsibility to contribute to more sustainable outcomes and look to support our customers and suppliers to deliver economic, social and environmental progress through their projects. We have established the Worley Foundation to support initiatives that contribute to the United Nations Sustainable Development Goals. In addition, other mitigating steps, particularly those referred to in reputational risk, are relevant to manage our sustainability risk.

Climate risk: Climate change will have both physical and transitional risk implications for the industries we serve. Regulatory and other changes may lead to increased cost, delays or cancellation associated with some projects. Conversely, the pace of other projects such as those associated with renewable and distributed energy may increase. Per our revised Climate Change Position Statement, we are committed to being part of the solution, to reducing our own emissions intensity and responding to our industries' and customers' climate change needs. To seek to mitigate this risk, we have embedded climate change considerations within core risk and strategy processes and are assessing climate-related risks and opportunities. In addition, we have established an energy transition working group to support

our implementation program for the Task Force on Climate-related Financial Disclosures (TCFD).

3.3.2 STRATEGIC RISKS

Strategy risk: We operate in a highly competitive and dynamic environment. As a result, our ability to develop and implement effective strategies is a significant ongoing contributor to our success. Strategy risk is the risk of failing to develop and implement effective strategies. Such failure may, over time, lead to a loss of market share, and negatively impact our financial performance.

To seek to mitigate this risk, we have a strategy development process utilizing both internally and externally-supplied market data, macro trends, scenario analysis and business knowledge. The strategy involves three levels on insight with a number of priority areas reviewed on a regular schedule and described in section 3.1 of this review.

Integration risk: Acquisitions provide our business with substantial benefits and can aid achievement of strategic objectives. There is a risk that we do not realize and grow the value from acquisitions if we do not successfully identify the right targets, appropriately price or integrate and deliver synergies. We seek to mitigate this risk through the establishment of an experienced mergers and acquisitions team led by people with deep acquisition and integration experience, to drive delivery of defined integration objectives and synergies aligned with Group strategy. Integration of our largest acquisition, ECR, has been largely completed with remaining activities to be completed as part of normal operations.

3.3.3 OPERATING RISKS

Health and safety risk: Our business sometimes requires our people and those people we manage to be in high risk geographies, travel long distances by road, be in close proximity to complex operating equipment and be engaged in construction and operating activities. There is the risk of injury or illness to, or the loss of life of, our people and people we manage. The safety, health and well-being of our people are linked to engagement and productivity. Across the countries in which we work, there is risk of communicable disease, epidemic or pandemic (such as COVID-19) and other health related site exposures. To seek to mitigate this risk, we have a health and safety framework which includes the expectations that every one of our people and those people we manage must meet with respect to health and safety. Health and safety expectations are supported by our business processes and we use them in assessing our performance. All of these elements are embodied in our Life approach and associated programs. Throughout the past year, we have launched Life-saving rules and Life Matters which bolster our mental health program which is recognized as especially important in the current context with COVID-19. In addition, we have R3 (Ready, Response, Recovery) processes that support our security, crisis response, and business continuity planning.

Talent risk: Our people enable our success. Loss of key talent and capability could impact our ability to win new work, deliver in line with contractual requirements and achieve Group objectives.

We seek to mitigate this risk through our remuneration framework, talent and succession programs, in addition to our people processes and leadership training.

Contract management risk: Effective contract management seeks to ensure, among other things, appropriate project and customer selection and the effective management of contractual requirements and delivery of quality work to customer expectations. There is a risk that we will fail to manage our contracts appropriately or quality of work and, as a result, find ourselves in disputes with our customers regarding matters including payment of our fees and liability for costs and delays. Those disputes may be costly, result in liability and absorb significant amounts of management time.

We seek to mitigate this risk by implementing pursuit and project delivery processes and procedures which include quality assurance and quality control, providing training and development to our project staff and

appropriate involvement of our legal staff in the contract process. In addition, other mitigating steps, particularly those referred to in project delivery risk are relevant to support effective contract management.

Demand risk: The markets for our services are exposed to volatile and cyclical commodity prices. Those prices impact demand for our customers' goods and services and our customers' preparedness to fund capital and operating expenditure. This, combined with economic growth or decline and environmental and social drivers, may impact demand for our services such that we experience rapid and/or sustained changes in that demand.

Responding to such changes may lead to reduced revenue and increased costs. Our overheads may also need to change such that they are efficient relative to our revenue and business size.

We have a number of strategies and processes in place to seek to mitigate this risk, including sharing work across locations, retaining a proportion of our people on short notice contracts, seeking contractual protection for project demobilization, undertaking ongoing overhead efficiency reviews and rationalizing overhead where necessary and maintaining our diversified business portfolio. Specifically, the ECR acquisition aided this mitigation by increasing diversification across geographies and sectors as well as increasing exposure to our customers' operating expenditures which are less volatile.

Project delivery risk: Our ability to achieve superior shareholder returns is substantially influenced by our ability to deliver significant and/or strategically important projects to our customers' satisfaction. Project delivery risk is the risk that we fail to do so. The consequences may include fewer awards of significant projects.

To seek to mitigate this risk, we use regularly-reviewed project delivery systems and processes and project peer reviews. We have established the Learning at Worley program to further enhance the capability of our people in project management and project delivery. In addition, we have developed a digital strategy to enhance the efficiency of our work, and incorporate progressive technology into our offering. To support changed ways of working resulting from the COVID-19 pandemic, we established a 'new normal' working group that have enhanced our work processes, the use of technology and site protocols. Additionally, our businesses and projects undertook specific risk management activities to identify and proactively manage potential implications of COVID-19 which may include items such as safety implications, procurement delays and financial standing of key stakeholders.

Cyber security risk: Our work relies on the effective processing and storing of information using information technology. With the use of IT systems, there is a risk of unauthorized access, disruption, loss of critical, sensitive or personal data and other security incidents as a result of cyber attacks. We are mitigating this risk through strengthened security measures, continual threat monitoring and user education, and by implementing information security policies in line with international standards.

Data privacy risk: Laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation and the Australian Privacy Act, pose increased monitoring and compliances. Any failure to comply with these laws and regulations could result in penalties, legal liability and reputational harm. To mitigate this risk, we have a Data Protection Office established in addition to the mitigations outlined under the cyber security risk which include a combination of strengthening systems, processes and user education.

3.3.4 REPUTATION RISK

We rely on the strength of our reputation to help win and retain work, attract and retain employees, secure lines of credit and gain access to capital.

There is a risk that our reputation could be damaged including through unethical business practices, regulatory non-compliance, poor project or supplier selection or outcomes, health and safety events and not meeting the market's expectations of our financial performance. In addition, as an organization that operates with customers, partners and suppliers in geographically diverse locations, and in high risk sectors including construction, fabrication and mining, minerals and metals, we recognize a need to manage modern slavery risk.

We use a range of strategies and actions to seek to mitigate this risk, including application of the Supply Chain Code of Conduct, the Responsible Business Assessment Standard on pursuits, rigorous due diligence processes, strict requirements and monitoring of agents and third-party recruitment providers, procurement processes and requiring all of our people to undertake various training, including on the Code of Conduct. We do not work with customers, partners, suppliers or agents who do not meet our Responsible Business Assessment Standard or requirements of the due diligence process. In addition, other mitigating steps, particularly those referred to in sustainability risk, health and safety risk, project delivery risk and internal reporting risk, are relevant to seek to preserve our reputation.

3.3.5 FINANCIAL RISKS

Liquidity risk: Our ability to maintain an appropriate level of liquidity, particularly through timely conversion of unbilled contract revenue to cash, impacts returns to shareholders. There is a risk that our customers delay paying us or are unwilling or unable to do so, and in addition with economic uncertainty additional capital may be more expensive and more difficult to obtain. We seek to mitigate this risk by focusing on effective working capital management and closely monitoring both cash collection targets and measures of debtor conversion.

Internal reporting risk: We operate a complex business which provides a wide range of services in a dynamic environment, while straddling multiple jurisdictions and regulatory frameworks and currencies. There is a risk that our internal reporting systems may not accurately reflect our business performance or objectives and may therefore result in us not meeting forecasts provided to the market, thereby adversely affecting investor confidence and the Company's share price. We seek to mitigate this risk by reviewing and enhancing those systems and seeking to adapt them to our dynamic business environment.

Taxation risk: We operate in a large number of countries. We have seen examples of governments change their approach to the regulation and collection of tax. Consequently, there is a risk that the level of taxation imposed on our business could change materially as a result of a change in legislation or approach in the countries in which we operate. We have a process in place to monitor such changes and ensure that we continue to pay the appropriate amount of tax in all jurisdictions.

3.4 UNREASONABLE PREJUDICE

We have omitted from the review, information regarding: (1) our internal budgets and internal forecasts, and (2) details of our business strategy, on the basis that if we had included that information, doing so would have been likely to result in unreasonable prejudice to us.

3.5 FORWARD LOOKING STATEMENTS

This review contains forward looking statements, including statements of current intention, opinion and expectation regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this publication, they are, by their nature, not certain and are susceptible to change. Worley makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward looking statements (whether express or implied), and except as required by applicable law or the ASX Listing Rules, disclaims any obligation or undertaking to publicly update such forward looking statements.

Financial Report

For the financial year ended 30 June 2020

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NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature; or
- it is important for understanding the results of the Group.

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Directors' Report

The directors present their report on the consolidated entity consisting of Worley Limited (Company) and the entities it controlled (Group or consolidated entity) at the end of, or during, the year ended 30 June 2020.

Directors' Message

PRINCIPAL ACTIVITIES

During the financial year, the Group's principal activities consisted of providing engineering design and project delivery services, including providing maintenance, reliability support services and advisory services to the following sectors:

- Energy - the production of energy from various sources (for example oil and gas, wind and other renewables) as well as projects related to all forms of power generation, transmission and distribution;
- Chemicals - the manufacture, processing and refining of chemicals (for example petrochemicals, polymers and speciality chemicals); and
- Resources - the processing of mineral and metal resources, and resource projects related to water, the environment, transport, ports and site remediation and decommissioning.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 21 October 2019, at the Company's Annual General Meeting, shareholders passed a special resolution to change the name of the Company to Worley Limited.

On 25 October 2019, the Company concluded the acquisition of 100% of the shares in the 3sun Group Ltd, a UK-based installation, inspection and maintenance specialist in the offshore wind sector.

On 12 November 2019, the Company and XENDEE created VECKTA Corporation, a US-based incorporated joint venture to assess, design and deploy microgrids and distributed energy systems.

On 24 February 2020, Andrew Wood retired as CEO and Managing Director and Chris Ashton became CEO and Managing Director of the Group. Andrew Liveris became Deputy Chairman and Martin Parkinson joined the Board.

On 30 March 2020, the Company responded to the market conditions due to the COVID-19 pandemic. A business response taskforce was established to support the implementation of actions to protect financial and operational integrity. The Company had entered the period of global disruption in a stable financial position with credit approval to extend approximately \$480 million of working capital for an additional 12 months.

On 28 April 2020, the Company announced that it secured an additional \$465 million in 12-month facilities. These new facilities have been established on similar terms as existing facilities. Including these new facilities, during April 2020, the Company renewed existing and established new facilities of a combined \$945 million.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors have resolved to pay a final dividend of 25.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2019: 15.0 cents per share). In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed final dividend of \$130 million is not recognized as a liability as at 30 June 2020.

From 1 July 2020, the Group's structure was revised, moving profit and loss from a line of business structure to a regional model. Operations are now reported through three regions: the Americas; Europe, Middle East and Africa (EMEA); and Australia, New Zealand, India, Asia and China (APAC).

Operations are managed in two regions: the Americas as one region and EMEA & APAC as the other.

The Group acquired the remaining 50% shareholding of TW Power Services Pty Ltd (TWPS) for a cash consideration of \$20 million, increasing the Group's stake to 100%. TWPS is an operations and maintenance business

providing services to support critical power infrastructure across Australia, New Zealand and South East Asia.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

EARNINGS PER SHARE

	2020 CENTS	2019 CENTS
Basic earnings per share	32.8	36.4
Diluted earnings per share	32.7	36.2

Underlying basic earnings per share was 82.9 cents, an increase of 33% from the previous financial year result of 62.2 cents.

Underlying basic earnings per share is determined by dividing the underlying profit attributable to members of Worley Limited (as set out on page 44) by the weighted average number of ordinary shares outstanding during the financial year (as set out in note 17 to the financial statements).

DIVIDENDS – WORLEY LIMITED

Details of dividends in respect of the current financial year and previous financial year are as follows:

	2020 \$'M	2019 \$'M
Final dividend for the full year 2020 of 25 cents per ordinary share to be paid on 30 September 2020 (unfranked)	130	-
Interim ordinary dividend for the half year 2020 of 25 cents per ordinary share paid on 25 March 2020 (unfranked)	130	-
Final dividend for the full year 2019 of 15.0 cents per ordinary share paid on 25 September 2019 (unfranked)	-	78
Interim ordinary dividend for the half year 2019 of 12.5 cents per ordinary share paid on 27 March 2019 (unfranked)	-	58
Total dividends paid/to be paid	260	136

Financial Performance Summary

REVIEW OF OPERATIONS

A detailed review of the Group's operations for the financial year and the results of those operations is contained in the Operating and Financial Review. This is incorporated into, and forms part of, this Directors' Report. A summary of the consolidated revenue and results in respect of the current financial year and previous financial year are as follows:

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
Revenue and other income	13,068	6,924
Depreciation	(61)	(23)
Amortization	(201)	(70)
Earnings before interest and amortization and tax (EBITA)	498	308
Net interest expense	(122)	(35)
Amortization of acquired intangible assets	(109)	(28)
Profit before income tax expense	267	245
Income tax expense	(79)	(81)
Statutory profit after income tax expense	188	164
Non-controlling interests	17	12
Statutory profit after income tax expense attributable to members of Worley Limited	171	152
<i>Impact of acquisitions:</i>		
Acquisition costs	-	51
Transition costs	147	35
Other	-	10
Interest income on term deposits, net of borrowing cost write off	-	(27)
US FTC write off due to acquisition of ECR	-	14
<i>Impact of transformation and restructuring:</i>		
Payroll restructuring	41	-
Impairment of property assets	51	-
Onerous contracts and other costs	29	-
Government subsidies, net of direct costs	(18)	-
Impact of arbitration award ¹	(3)	9
Certain one-off other income items	(7)	-
Gain on sale of investment	(2)	-
Impairment of investment in equity accounted associates	7	-
Net tax expense on the items excluded from underlying earnings	(66)	(8)
Tax from changes in tax legislation	1	3
Underlying profit after income tax expense attributable to members of Worley Limited	351	239
Amortization of intangible assets acquired through business combinations	109	28
Tax effect on amortization of intangible assets acquired through business combinations	(28)	(7)
Underlying profit after income tax expense and before amortization of acquired intangible assets² attributable to members of Worley Limited	432	260

¹ Increase/reduction in revenue from an arbitration award in relation to a dispute with a state-owned enterprise.

² The directors consider underlying profit information is important to understand the sustainable performance of the Company by excluding selected significant items and amortization on acquired intangible assets.

	CONSOLIDATED		
	2020 \$'M	2019 \$'M	
Revenue and other income	13,068	6,924	
Less: Procurement revenue at nil margin (including share of revenue from associates)	(2,190)	(608)	
Add: Share of revenue from associates	393	183	
Less: Pass-through revenue at nil margin	-	(32)	
Less: Interest income	(10)	(37)	
Less: Gain on sale of investment	(2)	-	
Less: Certain one-off other income items	(7)	-	
(Less)/Add: Impact of arbitration award ¹	(3)	9	
Aggregated revenue³	11,249	6,439	
	AGGREGATED REVENUE	EBITA	EBITA MARGIN
	2020 \$'M	2019 \$'M	2020 \$'M
Energy & Chemical Services	4,952	2,855	492
Mining, Minerals & Metals	1,184	286	60
Major Projects & Integrated Solutions	4,540	2,744	332
Advisian	573	554	37
	11,249	6,439	921
			528
			8.2
Global support costs ⁴		(169)	(109)
Interest and tax for associates		(9)	(6)
Underlying EBITA	743	413	6.6
6.4			

Aggregated revenue was \$11,249 million, an increase of 75% on the prior financial year. Underlying EBITA of \$743 million was up 80% from the prior financial year result of \$413 million.

The underlying EBITA margin on aggregated revenue for the Group, increased to 6.6% compared with 6.4% in 2019. After tax, the members of Worley Limited earned an underlying profit², on aggregated revenue of 3.8%, compared to the 2019 profit of 4.0%.

The underlying effective tax rate of 28% compared with 22% in 2019.

The Group retains a cash position of \$490 million (2019: \$492 million) with gearing (net debt/net debt plus total equity) at financial year end of 22.9% (2019: 20.9%).

Operating cash inflow for the period was \$829 million, compared to \$236 million in 2019. Cash outflow from investing activities was \$104 million (2019: \$3,828 million).

The modified retrospective approach has been applied on adoption of AASB 16 *Leases* on 1 July 2019. Accordingly, the financial information presented for the prior period has not been restated and is presented under AASB 117 *Leases* and related interpretations.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The likely developments in the Group's operations in future financial years and the expected results of those operations are set out in section 3 of the Operating and Financial Review on page 39.

³ Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, pass-through revenue at nil margin, certain government subsidies, interest income and net gain on revaluation of investments previously accounted for as joint operations. The Directors of Worley Limited believe the disclosure of the relevant share of revenue from associates provides additional information in relation to the financial performance of Worley Limited Group.

⁴ Excluding global support related restructuring costs (refer to note 3(E) to the financial statements).

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 unless otherwise expressly stated, amounts referred to in this report have been rounded off to the nearest million dollars in accordance with that Instrument. Amounts less than \$500,000 that have been rounded down are represented in this report by 0.

Board Governance

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2020 may be accessed from the Company's website at the Corporate Governance page in the Investor relations section. Refer to www.worley.com/investors/corporate-governance.

NON-AUDIT SERVICES

During the financial year, Ernst & Young, the Group's auditor, performed certain other services in addition to its statutory audit duties. Total fees for non-audit services provided by the auditor amounted to \$865,716.

The Board has adopted a policy governing the provision of non-audit services by the auditor. The Board has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Act). The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Act for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing and auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Act is as follows:



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Worley Limited

As lead auditor for the audit of the financial report of Worley Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Worley Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Jarrett
Partner
26 August 2020

INDEMNITIES AND INSURANCE

Under the Company's Constitution, the Company indemnifies each current and former officer of the Group against certain liabilities and costs incurred by them as an officer of the Group.

The Company also indemnifies each current and former officer of the Group against certain liabilities and costs incurred when the officer acts as an officer of another body corporate at the Company's request and the liability or cost is incurred in that capacity.

Neither indemnity extends to liabilities or costs from which the Company is prohibited from indemnifying current or former officers under the Act.

In addition, the Company has entered into Deeds of Access, Indemnity and Insurance with certain officers of the Group. Under those deeds, the Company agrees (among other things) to:

- indemnify the officer to the extent permitted by law and the Company's Constitution;
- maintain a directors' and officers' insurance policy; and
- provide officers with access to Board papers.

The Company maintains a directors' and officers' insurance policy that, subject to certain exemptions, provides insurance cover to former and current officers of the Group. During the financial year, the Company paid insurance premiums to insure those officers of the Group. The contracts of insurance prohibit the disclosure of the amounts of premiums paid and the nature of the liability covered.

ENVIRONMENTAL REGULATION

In the majority of the Group's business operations, the customer has responsibility for obtaining environmental licenses. The Group typically assists its customers, who usually own or operate plant and equipment, with the management of their environmental responsibilities, rather than having those responsibilities itself.

However, the Group has environmental responsibilities in terms of compliance with environmental controls and in exercising reasonable care and skill in its design, construction management, operation and supervising activities. The risks associated with environmental issues are managed through the Group's risk management and assurance systems.

It is the Group's policy to comply with all environmental regulations applicable to it and to the work it carries out. The Company confirms, for the purposes of section 299(1)(f) of the Act that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory of Australia.

DIRECTORS

The following persons were directors of the Company during the financial year and, unless otherwise noted, all were directors for the full financial year and until the date of this report:

- John Grill (Chairman)
- Andrew Liveris (Deputy Chairman from 24 February 2020)
- Christopher Haynes (Lead Independent Director from 21 October 2019)
- Catherine Livingstone (Lead Independent Director until retirement on 21 October 2019)
- Thomas Gorman
- Roger Higgins
- Martin Parkinson (from 24 February 2020)
- Juan Suárez Coppel
- Anne Templeman-Jones
- Wang Xiao Bin
- Sharon Warburton
- Chris Ashton (Chief Executive Officer and Managing Director from 24 February 2020)
- Andrew Wood (Chief Executive Officer and Managing Director until retirement on 24 February 2020).

DIRECTORS' REPORT CONTINUED

DIRECTORS' SHARES AND RIGHTS

As at the date of this report, the relevant interests of the directors in the shares and performance rights of the Company were:

DIRECTORS	NUMBER OF SHARES	NUMBER OF RIGHTS
John Grill	34,336,128	-
Andrew Liveris	6,870	-
Christopher Haynes	18,922	-
Thomas Gorman	29,000	-
Roger Higgins	34,000	-
Martin Parkinson	14,000	-
Juan Suárez Coppel	-	-
Anne Templeman-Jones	8,131	-
Wang Xiao Bin	11,000	-
Sharon Warburton	22,500	-
Chris Ashton	102,815	152,249

DIRECTORS' MEETINGS

The number of Board and standing Board Committee meetings held during the financial year and the number of meetings attended by each of the directors is set out below:

DIRECTORS	BOARD		AUDIT AND RISK COMMITTEE		NOMINATIONS COMMITTEE		PEOPLE AND REMUNERATION COMMITTEE		HEALTH, SAFETY AND SUSTAINABILITY COMMITTEE	
	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
John Grill	7	7			7	7	6	6	6	6
Andrew Liveris	7	7			7	7	6	6	4	4
Christopher Haynes	7	7			7	7	6	6	6	6
Catherine Livingstone ⁵	2	2	2	2	2	2				
Thomas Gorman	7	7			7	7	6	6	6	5
Roger Higgins	7	7			7	7			6	6
Martin Parkinson ⁶	3	3	3	3	2	2				
Juan Suárez Coppel	7	7	7	7	7	7				
Anne Templeman-Jones	7	7	7	7	7	7				
Wang Xiao Bin	7	7	7	7	7	7				
Sharon Warburton	7	7	7	7	7	7				
Chris Ashton ⁷	3	3								
Andrew Wood ⁸	4	4								

In addition to those meetings, special purpose Board Committee meetings and briefings were held during the financial year. The Board also attended regular Board briefings during the financial year. Due to the impact of COVID-19, all meetings were held virtually post March 2020.

All non-executive directors who are not members of the standing Board Committees are invited to, and generally attend, the standing Board Committee meetings.

The independent non-executive directors met separately on six occasions during the financial year.

INFORMATION ON DIRECTORS AND GROUP COMPANY SECRETARY

JOHN GRILL AO, BSc, BEng (Hons), Hon DEng (SYDNEY), Hon DEng (UNSW)

CHAIRMAN AND NON-EXECUTIVE DIRECTOR – CHIEF EXECUTIVE OFFICER AND DIRECTOR FROM LISTING IN NOVEMBER 2002 UNTIL OCTOBER 2012 AND DIRECTOR OF THE COMPANY BEFORE LISTING AND ITS PREDECESSOR ENTITIES FROM 1971

COUNTRY OF RESIDENCE – AUSTRALIA

John is Chairman of the Board and Chairman of the Nominations Committee. He is also a member of the People and Remuneration Committee and the Health, Safety and Sustainability Committee.

John has over 40 years' experience in the resources and energy industry, starting his career with Esso Australia. In 1971, he became Chief Executive of Wholohan Grill and Partners, the entity that ultimately became owned by Worley Limited. John has expertise in every aspect of project delivery in the

resources and energy industry. He maintains strong relationships with the Group's major customers and was closely involved with the Group's joint ventures at Board level.

John was awarded an honorary doctorate by The University of Sydney in 2010 in recognition of his contribution to the engineering profession. He was appointed an Officer of the Order of Australia in 2014 for distinguished service to engineering, and to business, to the minerals, energy and power supply industries, and as a supporter of advanced education and training. In 2019, John was awarded an honorary doctorate from the University of New South Wales. John is Chairman of the Growth Centres Advisory Committee for the Australian Government for Department of Industry, Innovation and Science and Chairman of the Mindgardens Alliance, 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.

⁵ Catherine Livingstone retired on 21 October 2019.

⁶ Martin Parkinson was appointed from 24 February 2020.

⁷ Chris Ashton was appointed from 24 February 2020.

⁸ Andrew Wood retired on 24 February 2020.

ANDREW LIVERIS AO, BEng (Hons), PhD (Science)

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE SEPTEMBER 2018

COUNTRIES OF RESIDENCE – AUSTRALIA AND UNITED STATES OF AMERICA
Andrew was appointed to the Board effective 5 September 2018. He is the Deputy Chairman and a member of the Nominations Committee, Health, Safety and Sustainability Committee and People and Remuneration Committee.

Andrew is the former Chairman and Chief Executive Officer of The Dow Chemical Company and the former Executive Chairman of DowDuPont. He had over 40 years' global leadership experience with The Dow Chemical Company, with roles in manufacturing, engineering, sales, marketing, and business and general management around the world. Andrew is a director of IBM, Saudi Aramco, The Minderoo Foundation Pty Ltd and NOVONIX Limited and is an advisor to the Kingdom of Saudi Arabia. He is the past Vice Chair of the Business Roundtable and the past Chairman of the United States Business Council. Andrew holds Australian Government positions as a member of the Industry Growth Centres Advisory Committee, Chair of the National COVID-19 Coordination Commission (NCCC) Manufacturing Taskforce and Co-Chair of the Territory Economic Reconstruction Commission. In 2012, Andrew co-founded The Hellenic Initiative (THI) to support economic renewal in Greece through entrepreneurship, business development and investment. Andrew 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. In 2005, he was awarded an Honorary Doctorate in science by his alma mater as well as being named Alumnus of the Year. He was appointed an Officer of the Order of Australia in 2014 for his services to international business and was awarded an Honorary Doctorate in engineering from Michigan State University in 2015.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
NOVONIX Limited	Non-Executive Director	1 July 2018	n/a

CHRISTOPHER HAYNES OBE, FREng, BSc (Hons), DPhil, CEng, FIMechE, FIEAust

LEAD INDEPENDENT DIRECTOR AND NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JANUARY 2012

COUNTRY OF RESIDENCE – UNITED KINGDOM

Christopher was appointed to the Board effective 1 January 2012. He is the Lead Independent Director of the Board, Chairman of the Health, Safety and Sustainability Committee and a member of the People and Remuneration Committee and Nominations Committee.

Christopher is a non-executive director of Woodside Petroleum Limited. His appointment followed a 39-year career with the Shell Group of Companies and their affiliates. He has lived in many countries, working in oil and gas, LNG and chemicals businesses, primarily in project development, delivery and operations. Christopher was seconded to Woodside from 1999 to 2002, where he was General Manager of the North West Shelf Venture and then became Managing Director of Shell's operations in Syria and of Nigeria LNG Limited. In 2008, Christopher assumed responsibility for the delivery of Shell's major upstream projects worldwide. He retired from Shell in August 2011. He retired as Honorary President of the Energy Industries Council effective 31 March 2020.

Christopher graduated from The University of Manchester with a Bachelor of Science with honors in Mechanical Engineering and obtained a Doctor of Philosophy in Applied Sciences from the University of Sussex. He is a Chartered Engineer and Fellow of the Institution of Mechanical Engineers in the United Kingdom and in 2015, was elected a Fellow of the Royal

Academy of Engineering in the United Kingdom. He is a Fellow of the Institution of Engineers, Australia.

Christopher was appointed to the Order of the British Empire in June 2009 for his services to the British oil and gas industry in Nigeria.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Woodside Petroleum Limited	Non-Executive Director	1 June 2011	n/a

THOMAS GORMAN BA (Economics and International Relations), MBA (Distinction) (Harvard)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2017

COUNTRY OF RESIDENCE – UNITED STATES OF AMERICA

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

Thomas' appointment follows his 30-year career in executive positions at Ford Motor Company and Brambles Limited. He retired as Chief Executive Officer of Brambles in February 2017. He has worked in multiple functions including finance, operations, logistics, marketing, and business development across the United States, England, France and Australia. He is a director of Orora Limited, Sims Limited and High Resolves, an Australian-based not-for-profit focused on middle school education. Thomas graduated, cum laude, from Tufts University with degrees in Economics and International Relations and obtained an MBA, with distinction, from Harvard Business School.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Orora Limited	Non-Executive Director	2 September 2019	n/a
Sims Limited	Non-Executive Director	15 June 2020	n/a

ROGER HIGGINS BE (Hons), MSc (Hydraulics), PhD (Water Resources), FIEAust, FAusIMM,

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE FEBRUARY 2019

COUNTRY OF RESIDENCE – AUSTRALIA

Roger was appointed to the Board effective 20 February 2019. He is a member of the Nominations Committee and Health, Safety and Sustainability Committee.

Roger's experience is in mining and operations and he has previously held senior executive positions with Teck Resources Limited, BHP Billiton and Ok Tedi Mining Limited. He is a non-executive director of Newcrest Mining Limited and Ok Tedi Mining Limited, the Chairman of Minotaur Exploration Limited and is an adjunct professor with the Sustainable Minerals Institute, The University of Queensland.

Roger holds a Bachelor of Civil Engineering with honors, a Master of Science in hydraulics and a PhD in Water Resources. He is a Fellow of the Institution of Engineers, Australia and the Australasian Institute of Mining and Metallurgy.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Newcrest Mining Limited	Non-Executive Director	1 October 2015	n/a
Metminco Limited	Non-Executive Director	8 October 2013	16 August 2019
Minotaur Exploration Limited	Non-Executive Director	1 July 2016	n/a
	Chairman	31 January 2017	n/a

MARTIN PARKINSON AC, BEc, MEC, MA, PhD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE FEBRUARY 2020

COUNTRY OF RESIDENCE – AUSTRALIA

Martin was appointed to the Board effective 24 February 2020. He is a member of the Nominations Committee and the Audit and Risk Committee.

Martin was appointed the Chancellor of Macquarie University in October 2019. He previously served as Secretary to the Australian Government's

DIRECTORS' REPORT CONTINUED

Department of the Prime Minister and Cabinet between January 2016 and August 2019 and as the Secretary to the Australian Treasury from March 2011 to December 2014. Prior to this, Martin served as inaugural Secretary of the Department of Climate Change from its establishment in December 2007.

Martin is a director of O'Connell Street Associates, North Queensland Airports and Male Champions of Change Limited, a group of male Chairs, CEOs and non-executive directors committed to the advancement of women into senior leadership positions in the private and public sectors. He is a member of the Territory Economic Reconstruction Commission, an advisory body to the Northern Territory Government, and is on the advisory councils of the Asia Society Australia and Thrive Refugee Enterprise.

Martin has previously served as a director of Orica, the Cranlana Program for Ethical Leadership, and the German-Australian Chamber of Industry and Commerce. He has been a member of the Board of the Reserve Bank of Australia, Infrastructure Australia, the Council of Financial Regulators, the Board of Taxation, and the Sir Roland Wilson Foundation and was Chair of the Australian Office of Financial Management.

In January 2017, Martin was awarded a Companion of the Order of Australia, following his 2008 receipt of the Public Service Medal. He is a Fellow of the Academy of Social Sciences in Australia, the Institute of Public Administration Australia and the Australian National Institute of Public Policy. He is a life member of the Australian Business Economists.

Martin holds a PhD and a MA from Princeton University, a MEC from the Australian National University and a BEc (Hons 1) from the University of Adelaide. In May 2015, Martin was awarded the degree of Doctor of the University (honoris causa) by the University of Adelaide.

JUAN SUÁREZ COPPEL BE (Economics), PhD (Economics)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MAY 2019

COUNTRY OF RESIDENCE – MEXICO

Juan was appointed to the Board effective 27 May 2019. He is a member of the Nominations Committee and the Audit and Risk Committee.

Juan has extensive experience in energy and resources in the Americas. He was previously Chief Financial Officer and then Chief Executive Officer of Petróleos Mexicanos (PEMEX), a senior executive with Grupo Modelo and an independent non-executive director of Jacobs Engineering Group Inc.

During the 1990s, Juan was Chief of Staff to the Minister of Finance Mexico, a senior executive with Banamex (now Citi) and Head of Corporate Finance and then Treasurer of Grupo Televisa, Mexico.

Juan has a PhD in Economics from The University of Chicago. During the 1980s, he held various academic roles including as a full-time professor in the ITAM Department of Economics, visiting professor at the Universidad Autónoma de Barcelona Department of Economics and associate professor at Brown University in Rhode Island.

ANNE TEMPLEMAN-JONES BCom, MRM, EMBA, CA, FAICD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE NOVEMBER 2017

COUNTRY OF RESIDENCE – AUSTRALIA

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

Anne is a non-executive director of Commonwealth Bank of Australia and GUD Holdings Limited. She previously served as a non-executive director of HT&E Limited, Cuscal Limited, HBF Health Limited, Pioneer Credit Limited, TAL Superannuation Fund, Notre Dame University and the McCusker Foundation for Alzheimer's Research. Anne has executive experience in institutional and commercial banking, wealth management and insurance and strategy and risk. She previously held several senior executive roles in Switzerland and Australia with PricewaterhouseCoopers, the Bank of Singapore (OCBC Bank), ANZ and Westpac.

Anne has a Master of 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.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSION
Commonwealth Bank of Australia	Non-Executive Director	5 March 2018	n/a
GUD Holdings Limited	Non-Executive Director	1 August 2015	n/a
HT&E Limited (formerly APN News & Media Limited until 4 May 2017)	Non-Executive Director	20 May 2013	14 April 2018
The Citadel Group Limited	Non-Executive Director	8 September 2017	28 May 2020

WANG XIAO BIN BCom, CPA, GDip (Applied Finance and Investment)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2011

COUNTRY OF RESIDENCE – HONG KONG, CHINA

Xiao Bin was appointed to the Board on 1 December 2011. She is a member of the Audit and Risk Committee and Nominations Committee.

Xiao Bin is based in Hong Kong and is an executive director and Chief Financial Officer of China Resources Power Holdings Company Limited. Prior to joining China Resources Power in July 2003, she was a director of Corporate Finance at ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. She worked for PricewaterhouseCoopers in Australia in the Audit and Business Advisory division for five years before joining ING.

Xiao Bin is a member of CPA Australia and holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia (now FINISIA) and a Bachelor of Commerce from Murdoch University in Australia.

SHARON WARBURTON BBus (Accounting and Business Law), FCA, FAICD, FAIB

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE FEBRUARY 2019

COUNTRY OF RESIDENCE – AUSTRALIA

Sharon was appointed to the Board effective 20 February 2019. She is a member of the Nominations Committee and Audit and Risk Committee.

Sharon has predominantly worked in the construction, mining and infrastructure sectors. She is a Chartered Accountant with experience in strategy and accounting, holding senior executive positions at Rio Tinto, Brookfield Multiplex, Aldar Properties PJSC, Multiplex and Citigroup. Sharon is a non-executive director of Gold Road Resources Limited and Wesfarmers Limited and a part-time member of the Takeovers Panel. She is also on the board of not-for-profit organization, Perth Children's Hospital Foundation. She was formerly the Co-Deputy Chairman of Fortescue Metals Group Limited, Chairman of the Australian Government's Northern Australia Infrastructure Facility and a non-executive director of NEXTDC Limited.

Sharon holds a Bachelor of Business (Accounting and Business Law) from Curtin University. She is a Fellow of Chartered Accountants Australia and New Zealand, the Australian Institute of Building and the Australian Institute of Company Directors. She is also a member of Chief Executive Women.

Sharon was awarded Western Australian Telstra Business Woman of the Year in 2014 and was a finalist for The Australian Financial Review's Westpac 100 Women of Influence in 2015.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSION
Fortescue Metals Group Limited	Non-Executive Director	13 November 2013	31 March 2020
Gold Road Resources Limited	Co-Deputy Chairman	8 November 2017	31 March 2020
NEXTDC Limited	Non-Executive Director	9 May 2016	n/a
Wesfarmers Limited	Non-Executive Director	1 April 2017	31 March 2020
		1 August 2019	n/a

CHRIS ASHTON BEng (Hons), MBA, MAICD

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – APPOINTED FEBRUARY 2020

COUNTRY OF RESIDENCE – UNITED STATES OF AMERICA

Chris was appointed Chief Executive Officer and Managing Director on 24 February 2020.

Chris joined Worley in 1998 and has held many leadership roles in the Company. Most recently, he was Chief Operating Officer responsible for the integration of ECR and the strategy for the transformed Worley business. Prior to this, he was Group Managing Director for Major Projects and Integrated Solutions with accountability for growth and performance. This includes Worley's fabrication businesses, WorleyCord and Rosenberg Worley, and the Global Delivery Center. He has also held executive roles with responsibility for Europe, Middle East and African operations, and the Power sector globally.

Chris holds a degree in Electrical and Electronic Engineering with honors from the University of Sunderland and a Master of Business Administration degree from Cranfield School of Management. He has completed the Executive Management Program at Harvard Business School and the Company Directors Course at the Australian Institute of Directors.

NUALA O'LEARY LLB, BA

GROUP COMPANY SECRETARY – APPOINTED AUGUST 2016

COUNTRY OF RESIDENCE – AUSTRALIA

Nuala joined the Group in 2002 and was appointed Group Company Secretary in August 2016. She is responsible for corporate governance for the Board and the Group Executive. Nuala is also responsible for the legal and governance matters relevant to Worley Limited, including the capital structure and regulatory obligations, with Group accountabilities for continuous disclosure. Nuala has a background in private legal practice specializing in corporate litigation and corporate governance. Nuala holds degrees in Law and Arts from The University of Sydney and a graduate diploma of Applied Corporate Governance. Nuala is a Solicitor of the Supreme Court of New South Wales.

Remuneration Report



"We are pleased with the FY2020 performance outcomes, the ECR integration achievements and the leadership of the executive team in a significant and challenging year."

KEY MESSAGES FROM THE CHAIRMAN OF THE PEOPLE AND REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Worley Board of Directors, I am pleased to present our Remuneration Report for the financial year ended 30 June 2020.

Our people have risen to the challenge

This has been a remarkable year. In addition to the ongoing delivery of the integration benefits from last year's acquisition of ECR, we have completed a successful transition of our executive leadership with Chris Ashton succeeding Andrew Wood as our Chief Executive Officer.

In addition to these accomplishments, Worley, like all of you, has been faced with the 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.

We have successfully changed our executive leadership and rebased the Chief Executive Officer's remuneration

Chris Ashton succeeded Andrew Wood as our Chief Executive Officer on 24 February of this year. We thank Andrew for his contribution to Worley. 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 as the former CEO and is at the discretion of the Board.

We have responded to concerns with the 2019 Remuneration Report

Our Chairman, John Grill, and I have listened carefully to the feedback we received regarding the 2019 Remuneration Report and the Board has taken the 2019 Annual General Meeting 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.

Our executive remuneration strategy supports the global Worley business and strategy

Our remuneration strategy is designed to support the business 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 be internationally competitive to attract, motivate, retain and mobilize top talent across countries.

Response to shareholder feedback



Strengthened communications



Improved Remuneration Report disclosures



Rebased new CEO's pay



Changed remuneration framework for FY2021

- Stronger links to performance, with performance hurdle added to deferred equity
- Longer performance periods for medium-term and long-term incentives

FY2020 Performance and remuneration highlights

KEY PERFORMANCE OUTCOMES		KEY REMUNERATION OUTCOMES
SHORT-TERM	<ul style="list-style-type: none"> Underlying NPATA of \$432 million, below target Cost synergies above target Health, Safety and Sustainability targets achieved 	<ul style="list-style-type: none"> The Board reduced scorecard results by 15% Final STI payout for CEO 62% of target Final STI payouts of 56% to 80% of target for executives
MEDIUM-TERM	<ul style="list-style-type: none"> Deferred equity (first tranche) time requirements met Share price growth over two years less than threshold 	<ul style="list-style-type: none"> Deferred equity (first tranche) vested SPPRs will not vest
LONG-TERM	<ul style="list-style-type: none"> TSR relative to peer group of 71st %ile over 4 years TSR relative to peer group of 50th %ile over 3 years EPS growth of 9.3% CAGR above CPI over 3 years 	<ul style="list-style-type: none"> 93% FY2017 LTI (TSR tranche) vesting 50% FY2018 LTI (TSR tranche) vesting 100% FY2018 LTI (EPS tranche) vesting

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 above Australian market practice minimum shareholding requirement for executives 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.

Remuneration outcomes reflect our solid performance

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 ensured a strong liquidity position. 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 reflecting the market challenges impacting the business in the later 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 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 delivering the annual target; 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 grants in relation to COVID-19. Worley did not receive JobKeeper support from the Australian government, however, we received COVID-19 related government subsidies in Canada, UK and Singapore. Underlying earnings for remuneration purposes includes project and operational related provisions.

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.

The Board reduced short-term incentive scorecard results by 15%. The Board 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% to 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% compound 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. This has resulted in Long-term Incentives vesting to executives between 50% and 93%, depending on the award.

In a turbulent year, we have risen to the challenges

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.

On the following pages you will find the FY2020 Remuneration Report in its entirety. I am pleased to engage with all shareholders about the matters set out in this report.

Warm regards,

Thomas J. Gorman

Chairman, People and Remuneration Committee

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1. KEY MANAGEMENT PERSONNEL AND LEADERSHIP CHANGES

1.1 Key Management Personnel

We have prepared this Report in accordance with section 300A of the Corporations Act 2001 (Cth) (Act) and Accounting Standards. It outlines our remuneration strategy for the Financial year ended 30 June 2020 and provides detailed information on the remuneration arrangements for Key Management Personnel (KMP). KMP are those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly.

The table below shows the KMP covered by the FY2020 Remuneration Report:

NAME	POSITION	TERM	COUNTRY OF RESIDENCE
Non-Executive Directors			
Current			
John Grill	Chairman	Full year	Australia
Andrew Liveris	Non-Executive Director and Deputy Chairman	Full year	Australia and United States of America
Juan Suárez Coppel	Non-Executive Director	Full year	Mexico
Thomas Gorman	Non-Executive Director	Full year	United States of America
Christopher Haynes	Lead Independent Director	Full Year	United Kingdom
Roger Higgins	Non-Executive Director	Full year	Australia
Martin Parkinson	Non-Executive Director	From 24 February 2020	Australia
Anne Templeman-Jones	Non-Executive Director	Full year	Australia
Sharon Warburton	Non-Executive Director	Full year	Australia
Wang Xiao Bin	Non-Executive Director	Full year	Hong Kong, China
Former			
Catherine Livingstone	Lead Independent Director	Until 21 October 2019	Australia
Executives			
Current			
Chris Ashton	Chief Executive Officer and Managing Director (formerly Chief Operating Officer)	Chief Executive Officer from 24 February 2020 Chief Operating Officer to 23 February 2020	United States of America
Tom Honan	Chief Financial Officer	Full year	Australia
Andrew Berryman	President – Mining, Minerals & Metals Services	Full year	Australia
Vinayak Pai	Group President – Energy and Chemicals	Full year	The Netherlands
Karen Sobel	Group President – Major Projects and Integrated Solutions	Full year	Canada
Adrian Smith	President – Advisian	Full year	United Kingdom
Former			
Andrew Wood	Chief Executive Officer and Managing Director	Chief Executive Officer to 23 February 2020	Australia

1.2 FY2020 leadership changes

We appointed Chris Ashton as our new Chief Executive Officer (CEO) effective 24 February 2020, following Andrew Wood's retirement. Chris has been with us since 1998 and has held many leadership roles in the Company. Before this, he was our Chief Operating Officer (COO) responsible for integrating Jacobs Energy, Chemicals and Resources Division (ECR) and the strategy for the transformed Worley business. Previously, he was accountable for the growth and performance of the Major Projects and Integrated Solutions portfolio. This portfolio included our fabrication businesses, Worley Cord and Rosenberg Worley, and our Global Delivery Center. Chris has also held executive roles with responsibility for Europe, Middle East and African operations, and the global Power sector. His experience, commitment and focus will provide the leadership we need to accelerate transformation.

New CEO arrangements

Chris' total remuneration is less than the former CEO's. His fixed remuneration is \$1.7 million compared to the previous CEO who received \$2.1 million. Chris has the same percentage participation rates for his incentive opportunities for FY2020 as the former CEO – we have set these out on page 55.

Chris' remuneration reflects that Worley is a large and complex business, operating across multiple countries, and his promotion to the role. Shareholders expressed views that the former CEO's remuneration was too high at the Annual General Meeting (AGM) on 21 October 2019, which the Board took into account in setting Chris' fixed remuneration. Chris has a notice period of six months. However, if the responsibilities of the role fundamentally change and we terminate his employment agreement, he will be entitled to a payment of 12 months' fixed salary.

Former CEO arrangements

The Board reviewed the former CEO's remuneration following the acquisition of ECR in April 2019. The complexity and scale of Andrew's role had increased considerably and he was a long-serving very experienced leader who had not received a salary increase since we appointed him as CEO in 2012. We increased Andrew's fixed remuneration effective 1 May 2019 and his variable remuneration target values effective 1 July 2019.

Andrew ceased in the CEO role on 23 February 2020 but stayed on to advise the Board and the new CEO on a full-time consulting basis until 3 July 2020. We have paid him in line with his contractual entitlements – these include a payment in lieu of the balance of his 12-month notice period which he has not worked and unused leave entitlements.

As he remained fully employed by the Company and continued to contribute to delivering business performance, Andrew was eligible for a Short-term Incentive (STI) award for FY2020, subject to achieving Key Performance Indicators (KPIs) and at the Board's discretion. His STI outcome is detailed in this Report.

Given his retirement and the contribution he has made over many years, the Board has decided to treat Andrew as a good leaver in respect of outstanding unvested equity. We have prorated his outstanding Long-term Incentive (LTI) and Deferred Equity Plan (DEP) to 30 June 2020.

This is consistent with the applicable equity plan rules, the way we have treated other good leavers, and the termination benefits approval obtained at the 2019 AGM. We will test his outstanding unvested equity against the original performance conditions and this will vest or lapse in due course at the end of the relevant vesting period. We have included details of these arrangements in this Report.

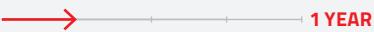
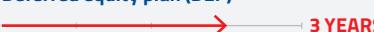
1.3 FY2021 leadership changes

In May 2020, we announced a new operating model to simplify how we engage with customers and deliver work more effectively across the full asset life cycle. This model positions us for growth in new sectors and increases our focus on transformative trends such as digitalization and the energy transition. A new structure moved profit and loss to a regional model from 1 July 2020. We will keep the Advisian brand as a service line within the geographic regions, delivering advisory and consulting services to our customers. Vinayak Pai will lead the Europe, Middle East and Asia Pacific region and Karen Sobel will lead the Americas.

2. Remuneration report snapshot

OUR REMUNERATION FRAMEWORK PRINCIPLES

	Be internationally competitive		Be clear and easily understood		Create strong shareholder alignment		Drive sustainable outperformance
A globally competitive and consistent framework to attract, motivate, retain and mobilize diverse executives across different countries	Clearly aligned to Worley's strategy, purpose, values and risk appetite, with a transparent link between performance and reward. Assures external stakeholders and engages executives to drive the right behaviors and outcomes	Incorporate significant equity components to encourage executives to behave like owners, focus on building long-term shareholder value and stay with Worley through business cycles	Provide meaningful incentives to exceed stretch target performance. Focus on both short and long-term performance to deliver sustainable value				

	STRUCTURE AND OPPORTUNITY	PURPOSE AND LINK TO STRATEGY	CHANGES IN FY2020
FIXED COMPONENT	<p>Fixed salary (cash) and benefits</p>  1 YEAR <p>Fixed salary reflects the accountabilities and expectations of the role and the executive's experience, skills and contribution.</p> <p>Benefits include retirement contributions (such as statutory superannuation) and items to support international assignments.</p>	<p>Be market competitive to attract, motivate, retain and mobilize executives.</p> <p>Benchmarked against:</p> <ul style="list-style-type: none"> ▪ Australian companies with global operations of similar size, complexity and industry relevant peers; ▪ International industry peer companies, primarily North American competitors 	The new CEO's fixed salary was set below that of the former CEO, in line with the market trend to rebase new internally appointed CEOs, and feedback from shareholders regarding Andrew Wood's fixed remuneration.
	<p>Short-term incentive (STI)</p>  1 YEAR <p>Cash award paid for annual performance.</p> <p>CEO: 100% of fixed salary (target)</p> <p>Other KMP (typical): 80% of fixed salary (target)</p>	<p>Focuses executives on delivering key financial (60%), Health, Safety and Sustainability (HSS) (10%) and strategic (30%) priorities relevant to the financial year. We set stretch KPI targets which are over and above day job performance to motivate and reward strong performance. They must be fully achieved to receive a target STI payout.</p>	The maximum STI opportunity increased to 200% of target (previously 150%) to motivate and reward outperformance. It can only be achieved through exceptional financial performance, typically 120% of target performance, and Board discretion.
VARIABLE COMPONENT	<p>Deferred equity plan (DEP)</p>  3 YEARS <p>Delivered in equity rights, progressively converting to shares in equal tranches over 3 years.</p> <p>CEO: 50% of fixed salary</p> <p>Other KMP: 40% of fixed salary</p>	<p>Create strong shareholder alignment, support our robust Minimum Shareholding Requirement (MSR) and encourage executives to stay with us through business cycles.</p> <p>Be internationally competitive to attract, motivate, retain and mobilize executives across multiple countries, particularly North America.</p>	The DEP replaces the former Share Price Performance Rights (SPPR) plan. The SPPR were tested over 2 years with a multiple that could result in up to 2x grant value. The DEP has a longer vesting time period and more modest potential values.
	<p>Long-term incentive (LTI)</p>  4 YEARS <p>Delivered in performance rights with vesting at 4 years (3 year performance condition plus additional 1 year holding lock)</p> <p>CEO: 85% of fixed salary</p> <p>Other KMP (typical): 60% of fixed salary</p>	<p>Reward for sustainable long-term growth in shareholder value measured through relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) growth.</p> <p>Supports strong shareholder alignment.</p>	The relative TSR comparator group was expanded to include our new international competitors. This ensures a more robust competitor set for assessing performance, strong shareholder alignment and sustainable growth.

MINIMUM SHAREHOLDING REQUIREMENT

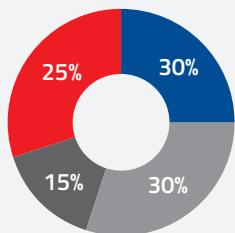
Worley has robust shareholding requirements for both executives and NEDs
CEO: 400% of fixed pay, **Other KMP:** 200% of fixed pay, **NED's:** 100% of annual base fee

PAY MIX

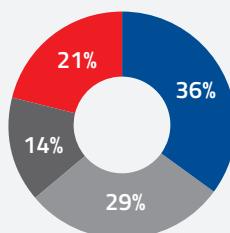
CEO	Chris Ashton (current) (\$)	1,700,000	1,700,000¹	850,000	1,416,667
	Andrew Wood (former) (\$)	2,100,000	2,100,000	1,050,000	1,750,000
█ Fixed salary █ STI (Target) █ DEP █ LTI					

¹ This represents Chris's annualized STI target. For FY2020 his STI target is pro-rated based on his time in the role of COO and CEO. Refer to table 4.3.2.

CEO PAY MIX



AVERAGE OF EXECUTIVE'S PAY MIX



- █ Fixed salary
- █ STI
- █ DEP
- █ LTI

FY2020 STI OUTCOMES¹



FINANCIAL

DSO was partially achieved at 68 days, compared to target of 65 days, and an improvement on FY2019.

HSS

Our total case frequency rate (TCFR) and our serious case frequency rate (SCFR) were both below threshold, resulting in the gate being achieved. Leadership activities met expectations to embed a strong focus on the health, safety and wellbeing of our people and our environment.

STRATEGIC

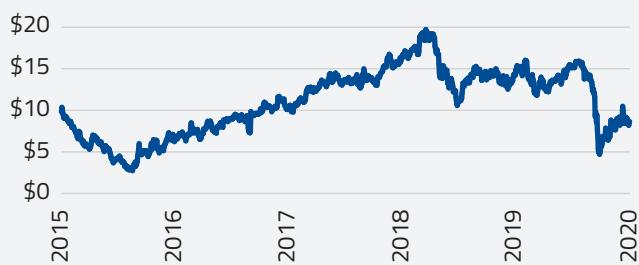
We achieved cost synergy savings beyond target. Other strategic KPIs were on target or slightly below target. STI payouts for achieving strategic KPIs are capped at 100% of target.

The Board has reduced STI scorecard results by 15% considering financial performance and the impact of COVID-19 on our people, shareholders, customers and communities.

This resulted in an STI award for the CEO of 62% of target and between 56% to 80% for other executives.

FY2020 EQUITY AWARD OUTCOMES²

WORLEY SHARE PRICE



The awards below vest in September 2020 but relate to a performance period ending 30 June 2020.

LTI

- The FY2017 LTI award vested 92.9% against the relative TSR measure. The strategic portion related to Worley's "Realize Our Future" strategy. It was 100% achieved at the end of FY2018 and is released from restriction in September 2020.
- The FY2018 LTI award vested 50% against the relative TSR measure and 100% against the EPS measure. The vested shares remain restricted for 12 months.
- The first tranche of the FY2020 DEP vested. The value declined 30% from award (a share price of \$12.50) to 30 June 2020 (a share price of \$8.77)³.

Legacy awards

- Awards to Chris Ashton (in his former role of COO) and Tom Honan Chief Financial Officer (CFO) vested in full as the targets in the ECR acquisition scorecard were fully achieved.
- ECR replacement equity awards for legacy ECR employees vested in full. This is relevant for Andrew Berryman and Vinayak Pai. The value declined 40% from award (a share price of \$15.15) to vesting at 28 May 2020 (a share price of \$9.03).
- The FY2019 SPPR will be tested following the release of the FY2020 financial results. We awarded them at a price of \$20.30 and they have a threshold share price of \$14.21 (70% of grant price).

¹ Details of FY2020 STI outcomes can be found at section 4.3.

² Details of FY2020 equity award outcomes can be found at section 4.4.

³ For the purposes of comparisons, \$8.77 is used throughout the Remuneration Report as the share price for 30 June 2020. It is the five day Volume Weighted Average Price (VWAP) to 30 June 2020.

3. RESPONSE TO SHAREHOLDER FEEDBACK

3.1 Addressing concerns with FY2019 Remuneration Report

At our 2019 AGM, 30.89% of the votes cast were against adopting the FY2019 Remuneration Report. This constituted a first strike under the Act. The Board has engaged with shareholders, proxy advisors and other stakeholders to further understand their concerns. This section outlines the steps we have taken to address those concerns (including comments made at the AGM) and otherwise explains our rationale for putting in place the arrangements in question.

Table 3.1.1

REMUNERATION ELEMENT	ISSUES RAISED	RESPONSE
One-off cash bonuses on acquisition of ECR	Paying cash bonuses before the benefits of the ECR acquisition were realized	This was a special one-off cash payment given the significance of the ECR acquisition. The Board acknowledges the need for stronger communication on one-off transaction awards and does not anticipate paying future transaction-related cash bonuses, unless they have a clear link to performance outcomes. No one-off cash bonuses have been paid to executives in FY2020.
SPPR	Aligning SPPR awards with performance given they are service based and able to be multiplied	These were designed to focus executives on share price appreciation and provide strong alignment to shareholders. They were appropriate for the period of time they were in place. We have now replaced them with the DEP (below) which has a longer vesting period compared to the SPPR and removes the performance multiplier.
DEP	Aligning DEP awards with performance given they are service-based only	The DEP increases shareholder alignment, supports our robust MSR and encourages executives to stay with us through business cycles. With over 50% of our broader leadership team based in North America, the DEP component allows us to be internationally competitive and to attract and retain high caliber executives. Restricted equity is a commonly used equity vehicle in North America adopted by the majority of our competitors. Refer to our TSR peer comparator group in table 5.4.1 for more information. As value is aligned to share price, the DEP is considered variable pay. However, the Board agrees that the link to performance could be strengthened. The FY2021 DEP award will therefore require executives to achieve a performance hurdle before vesting. The performance hurdle represents a threshold level of performance and will comprise KPIs of progress in delivering a more sustainable world. We will also extend the performance period of the DEP (See section 3.2).
STI scorecard	STI awards should be clearly disclosed with robust and stretching targets	We are committed to improving transparency and disclosures to give a better understanding of how we determine awards. We have included greater detail on the scorecard measures, weightings and stretch targets in section 4.3, as well as the STI payouts as a % of maximum (table 4.3.2).
Increase to CEO fixed salary	The fixed remuneration of the former CEO was increased too much	The increase in the former CEO's remuneration reflected the increased size, scope and complexity of Worley and Andrew Wood's experience and ability to lead a truly global Company. He was a long serving CEO who had not had a salary increase since he was appointed CEO in 2012 through to FY2018. He also took a voluntary 10% reduction from FY2016 to FY2018. The Board recognized Andrew's deep executive experience and strategic leadership overseeing the transformative ECR acquisition. The change in CEO has led to a rebasing of the CEO's remuneration. The new CEO's fixed salary is \$1.7 million compared to \$2.1 million of the former CEO. The Board believes this appropriately reflects the size, scope and complexity of Worley, as well as Chris Ashton's level of experience as an internally promoted CEO. This approach is in line with the market practice of re-basing incoming CEO pay relative to that of the former CEO.

3.2 FY2021 and beyond

The Board will continue to address any shareholder concerns in a transparent manner and discuss any changes to the remuneration framework. After integrating the ECR business, and with a new CEO, we are committed to accelerating the Company's transformation strategy. The remuneration framework must support and deliver on this global strategy. In this context, the Board will make the changes below to the framework for FY2021.

LTI performance condition

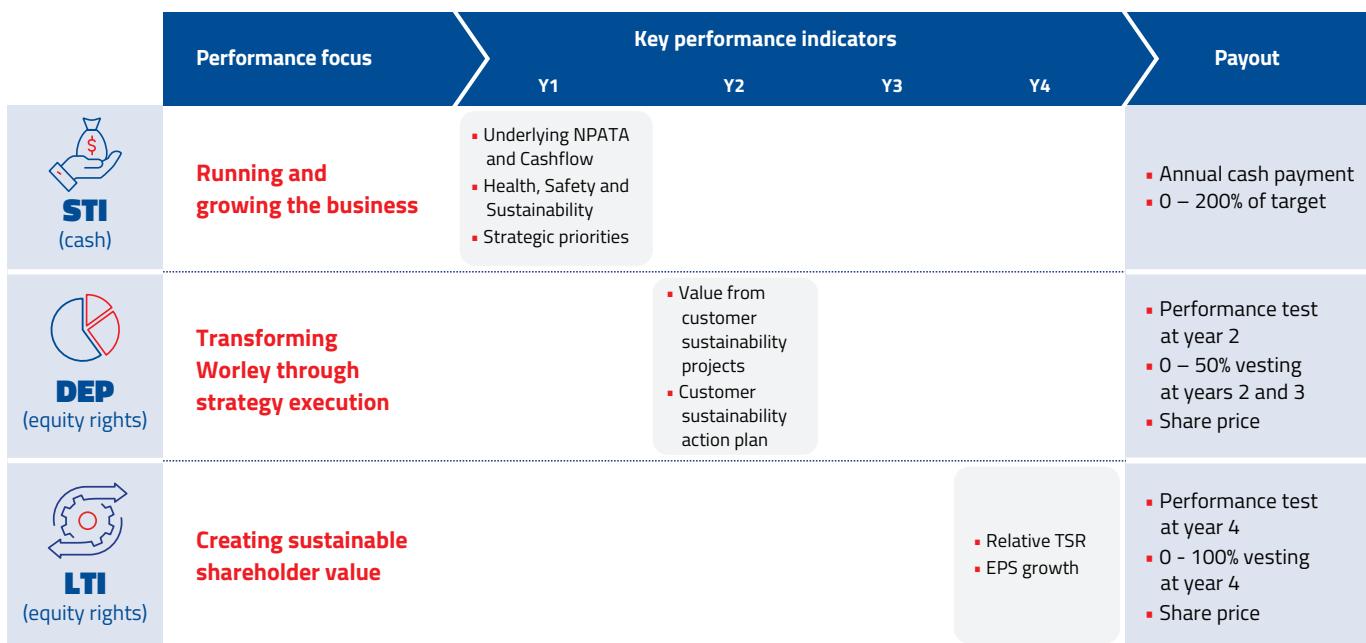
We will test the LTI performance condition at the end of year four and vesting will occur at the same time. Therefore, the performance period is extended by one year. This change focuses executives on outperformance and creating value over an additional year which is in the interest of shareholders. It is also operationally simpler in some of the countries that our executives reside in. We have reviewed our comparator group for the relative TSR performance condition to ensure the peer companies selected remain appropriate for Worley going forward. Changes will be disclosed in the FY2020 Notice of Meeting and next year's Remuneration Report.

DEP performance hurdle and timing

We will require performance hurdles to be achieved before vesting of the DEP award. The performance hurdle will represent a threshold level of performance and will comprise KPIs of progress in delivering a more sustainable world. We will do this through growth in value of customer sustainability projects and working with them to help them achieve their sustainability goals.

The FY2021 DEP will also vest over a longer time period, with 50% vesting at the end of year 2 and 50% at the end of year 3. This aligns with the timeframe for realizing value from strategy execution.

The FY2021 executive remuneration framework clearly distinguishes the performance focus of each variable remuneration component as outlined in the diagram below.

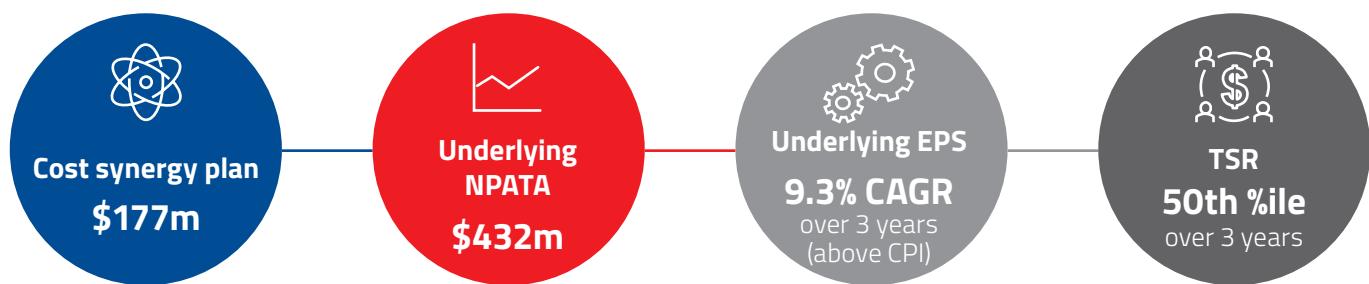


The changes strengthen the executive remuneration framework's focus on sustainable outperformance. It will be more challenging for executives to earn rewards, particularly given the current business outlook. However, we will not be making adjustments to executive variable remuneration target percentages for FY2021. We have increased the fixed remuneration of Karen Sobel by 10% for FY2021, in recognition of her expanded accountabilities leading the Americas region and to ensure her total remuneration is appropriately competitive. Other executives have not received remuneration increases for FY2021.

We will disclose further detail on changes to the framework for FY2021 and DEP KPIs in next year's Remuneration Report.

4. COMPANY PERFORMANCE AND REMUNERATION OUTCOMES

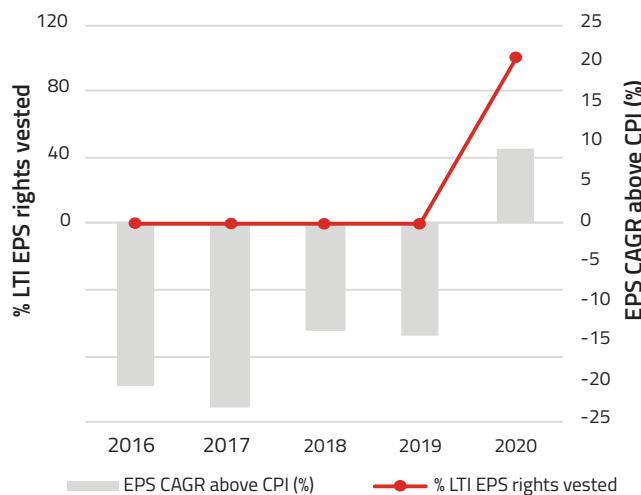
4.1 Overview of performance and remuneration outcomes



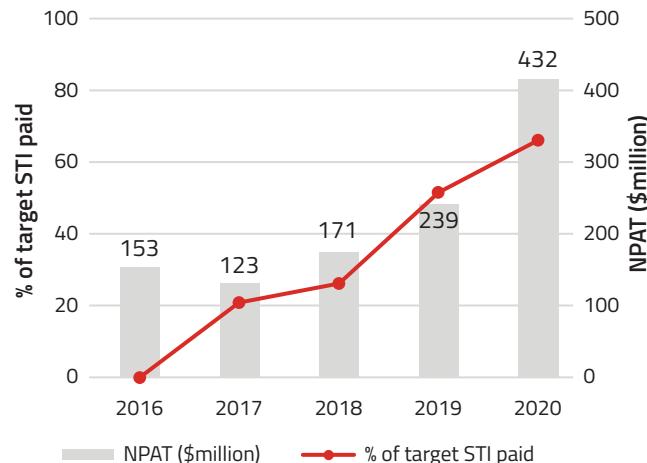
TSR outcomes over the last 5 years against the 50th and 75th percentiles TSR of the peer comparator group



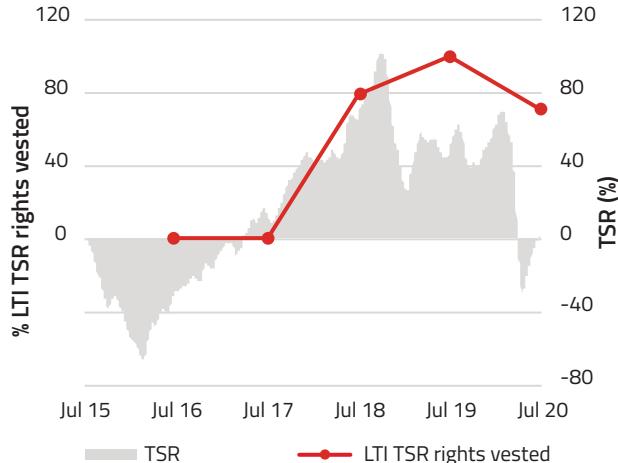
Underlying EPS v LTI vesting outcomes over the last 5 years



Underlying NPAT¹ v STI outcomes over the last 5 years



TSR v LTI vesting over the last 5 years



¹ Financial Years 2016 to 2019 are measured using underlying NPAT. From FY2020 we will measure underlying NPATA for remuneration purposes. The FY2020 NPAT result was \$351 million.

The tables below summarize the Group's performance for FY2020 and the previous four years in respect of the key financial indicators the Board identified to assess our performance and determine variable remuneration outcomes.

Financial performance

Table 4.1.1

CATEGORY	FY ENDING 30 JUNE:	2016	2017	2018	2019	2020	ANNUALIZED GROWTH OVER FIVE YEARS
Earnings	Underlying NPAT (\$million) ¹	153	123	171	239	351	23.1%
	Underlying NPATA (\$million) ¹	167	135	182	260	432	26.8%
	Underlying EPS (cents)	61.8	49.2	62.4	57.3	67.4	2.2%
Shareholder Value	Closing share price (\$)	7.20	11.22	17.63	14.71	8.77	5.06%
	Dividends paid (cents)	nil	nil	25	27.5	50	n/a

1 From FY2020, financial measures for earnings are based on NPATA for remuneration purposes. The measure has changed from NPAT to NPATA, following the acquisition of ECR, to ensure remuneration continues to be focused on operational performance.

Variable remuneration outcomes

Table 4.1.2

CATEGORY	FY ENDING 30 JUNE:	2016	2017	2018	2019	2020 ¹
STI	Average % of target STI paid to executives	nil	21%	25%	53%	65%
LTI EPS	Performance period (years)	4	4	4	4	3
	EPS above CPI % achieved	(20.6%)	(23.4%)	(13.5%)	(14.3%)	9.3%
	Vesting outcome	nil	nil	nil	nil	100%
LTI Relative TSR	Performance period (years)	4	4	4	4	4
	TSR % achieved	(65.3%)	(32.1%)	13.0%	47.6%	40.0%
	Relative TSR percentile achieved ²	11.5	34.8	65.0	76.2	71.4
	Vesting outcome	nil	nil	80%	100%	92.9%

1 We tested two LTI TSR grants at the end of FY2020. We tested the FY2016 grant over 4 years, and the FY2017 grant over 3 years.

2 Worley's TSR performance is measured relative to a peer comparator group. The current peer comparator group is listed on page 66.

4.2 FY2020 fixed and target total remuneration changes

The Board reviews the total remuneration levels of executives every year. This is to make sure pay levels reflect competitive benchmarking, the experience and capability of individuals, and that there is an appropriate balance between fixed and variable remuneration. After the ECR acquisition, we implemented a new organizational structure and a number of executives were appointed to new roles. As a result, we reviewed and set fixed remuneration at competitive levels commensurate with the size and scope of the roles and the experience and capability of the appointed executives. Changes to the FY2020 remuneration framework, including replacing SPPR with DEP, also resulted in adjustments to incentive targets and pay mix for executives. These changes were to ensure a competitive pay position against relevant Australian Securities Exchange (ASX) and international peer markets.

4.3 FY2020 STI outcomes

(a) STI scorecard

We have designed the STI plan so that a portion of the executives' remuneration is variable and at risk. STI payments are based on achievement of annual stretch targets and KPIs aligned with strategic imperatives. The Board evaluates scorecard performance and determines STI outcomes that reflect group, business unit and individual performance. The Board will apply discretion if it believes the scorecard outcomes do not appropriately reflect performance. We assess performance for each KPI ranging from not achieved to above target, being the level at which outstanding performance justifies the maximum STI to be paid. Below is the STI scorecard for our executives reflecting FY2020 outcomes. For FY2020, Worley executives shared KPIs to align their efforts to achieve targets related to the integration of the ECR business.

As our new CEO, Chris Ashton's STI scorecard reflects the entire FY2020. There is no difference in his scorecard as part year COO and part year CEO. This is because we expected the focus on delivering all KPIs relating to the ECR integration to continue. Our previous CEO only had achieving of cost synergies related to the ECR acquisition as his strategic KPI, as doing so would take significant focus and leadership.

Table 4.3.1

SCORECARD CATEGORY	KEY PERFORMANCE INDICATORS	WEIGHTING FORMER CEO	WEIGHTING NEW CEO/ CORPORATE ROLES	WEIGHTING LINE OF BUSINESS ROLES	ACTUAL OUTCOME	COMMENTARY
Group¹	Underlying NPATA ⁴	50%	50%	30%		Underlying NPATA of \$432 million, which was below the stretch target.
	DSO ⁵	10%	10%	10%		68 days compared to the stretch target of 65 days. This was an improvement on FY2019, which was 78 days.
Line of Business¹	LEBIT – Line of Business ⁶		0%	20%		83% to 112% of stretch targets was achieved
HSS^{2,3}	Leadership activities	10%	10%	10%		Gate achieved. All leadership expectations met.
Strategic KPIs² (Other KMP)	Value: cost synergy plan as a % of target ⁷	30%	11.25%	11.25%		Cost synergies achieved were \$177m by the end of June which was above target. An outcome of 100% of target was awarded.
	Value: Transition one time cost less than budget		11.25%	11.25%		Costs associated with the transition were under budget. An outcome of 100% of target was awarded.
	People: # Regretted senior leader leavers ⁸		3.75%	3.75%		We had 4 regretted leavers which was well below target. An outcome of 100% of target was awarded.
	IT/ERP: IT integration successful and combined ERP system operational ⁹		3.75%	3.75%		The IT integration was successful and there was significant progress implementing combined systems. An outcome of 85% of target was awarded.
FY2020 scorecard outcome		100%	100%	100%	CEO 62% Other executives average 66%	The Board reduced STI scorecard results by 15%.
Key	Above target	Fully achieved		Partially achieved		Not achieved

1 The maximum STI payout of financial measures is capped at 200% of target. This would typically be awarded for performance of 120% or greater of target.

2 The maximum STI payout on HSS, strategic and non-financial KPIs is 100% of target.

3 The HSS KPI has a gate opener which requires Group TRCFR less than 0.2 and Group SCFR less than 0.15. Both were below threshold, with TRCFR of 0.16 and SCFR of 0.06.

4 Underlying NPATA is Net Profit After Tax excluding the post-tax impact of amortization on intangible assets acquired through business combinations. Underlying means the profit result after adjusting for significant/ non-operational items not considered part of the sustainable performance of Worley. We believe this is the most appropriate measure of operating financial performance for remuneration purposes. Prior to FY2020, we used underlying NPAT as the financial measure for remuneration. For FY2020, we excluded from underlying NPATA, ECR transition and integration costs, as well as transformational and restructuring costs and government grants in relation to COVID-19. We included all project and operational related provisions in underlying NPATA.

5 Days Sales Outstanding is a measure of the time taken to collect cash from customers.

6 Location Earnings Before Interest and Taxes (LEBIT) is a key measure of operating profit for each of the lines of business. In FY2020, results were MPIS (K.Sobel) 112% of target, ECS (V.Pai) 101% of target, MMM (A. Berryman) 89% of target and Advisian (A. Smith) 83% of target. These results lead to differentiated outcomes for the line of business leaders, as set out on table 4.3.2.

7 The cost synergy plan incorporates cost benefits that are confirmed but may not be fully realized in the current financial year.

8 Regretted leavers include all resignations of senior leaders at organizational Tiers 1 and 2a (approximately 100 leaders).

9 ERP is the enterprise resource planner system.

We're deeply saddened to have lost a member of our team this year. One of our vehicles was travelling on a public road when a power pole fell and impacted the vehicle cabin. The Board reviewed this serious case in detail to consider whether there should be remuneration consequence for any accountable executives. Based on the facts and circumstances, the Board's view was that there was no negligence, gross misconduct or systemic failings on the part of an individual or Worley. Therefore, there was no adjustment to executive variable remuneration outcomes as a result.

(b) Modifier and discretion

We multiply the total STI scorecard outcome, resulting from the sum of the weighted payouts of each KPI, by a modifier.

To determine the modifier, we consider underlying earnings performance compared to target and other company performance outcomes. This covers financial, operational, health and safety, assurance and risk, customer, people, shareholder and other stakeholder outcomes. The modifier for FY2020 resulted in a reduction of 15% to STI scorecard outcomes.

(c) STI outcome

The table below shows the actual STI amounts we will pay to the CEO and other executives for their performance in FY2020:

Table 4.3.2

Name	Maximum Potential STI \$'000 (200%)	Actual STI ¹ Awarded \$'000	Total STI As a % of Target	Total STI Paid As a % of Maximum	Total STI Forfeited As a % of Maximum
EXECUTIVE DIRECTORS					
Chris Ashton	2,032	632	62%	31%	69%
Andrew Wood	4,200	1,317	63%	31%	69%
OTHER EXECUTIVES					
Andrew Berryman	882	269	61%	31%	69%
Tom Honan	1,738	541	62%	31%	69%
Vinayak Pai	1,543	527	68%	34%	66%
Adrian Smith	875	244	56%	28%	72%
Karen Sobel	1,024	411	80%	40%	60%

1 The amount relates to the FY2020 STI plan which is typically paid to executives in September 2020

4.4 FY2020 equity outcomes

We provide the details of vested equity awards in section 9. All equity awards are made under the Worley performance rights plan rules, in the form of performance rights. These are sometimes called equity rights. They are rights to Worley shares, which are delivered to participants subject to the achievement of vesting conditions.

(a) FY2020 DEP outcomes

The DEP is a grant of restricted equity rights which vest and convert to shares in equal tranches over three years with no multiplier. The vesting of rights is subject to clawback and malus conditions and continued individual performance. The first tranche of the FY2020 DEP rights vest in line with the terms of that plan and convert to shares on 30 September 2020. The share price used for the grant was \$12.50 and the share price on 30 June 2020 was \$8.77. Indicatively, this reflects a 30% decline in the share price for the first tranche of the FY2020 DEP award.

(b) FY2017 and FY2018 LTI outcomes

Given the importance of delivering the Company's "Realize Our Future" strategy and the role executives play in leading it, the Board introduced a strategic hurdle as a one off change for the FY2017 LTI award. It included both cost reduction targets of \$350 million delivered during the period FY2016, FY2017 and FY2018, and net debt-to-EBITDA target (2x or less). We measured this at the end of FY2018. We achieved both targets and as a result, we converted the performance rights to restricted shares

We disclosed this in the FY2018 Remuneration Report. These restricted shares will vest on 30 September 2020, subject to continued service and satisfactory individual performance.

For the FY2017, LTI we tested the relative TSR measure to the end of the four-year performance period to FY2020.

Table 4.4.1

Plan	Performance Measure	Result	Proportion of Award Vested	Comment
FY2017	Strategy hurdle	Achieved in full	100%	We tested at the end of FY2018 but vested shares were restricted for another 2 years. There were no individual performance issues that led to a reduction in vesting.
	Relative TSR	71st percentile	92.9%	Our relative TSR was 71st percentile compared to peer companies which resulted in 92.9% vesting.

We tested the FY2018 LTI grant against our traditional EPS and relative TSR performance hurdles over a 3 year performance period to the end of FY2020. We have set out the vesting outcomes under each of these measures below. These shares remain restricted under the terms of the FY2018 LTI plan to September 2021.

Table 4.4.2

Plan	Performance Measure	Result	Proportion of Award Vested	Comment
FY2018	EPS ¹	9.3% p.a.	100%	Worley's underlying EPS compound annual growth rate (CAGR) over the 3 year period was 11% which was 9.3% above the compound Australian Consumer Price Index (CPI). This results in 100% vesting.
	Relative TSR	50th percentile	50%	Our relative TSR was 50th percentile compared to peer companies which results in 50% vesting.

1 For remuneration purposes, EPS is calculated using underlying NPAT as this focuses executives on growth in operating profit. This is consistent with the basis used for prior year calculations. For awards granted from FY2020 onwards, underlying NPATA will be used.

4.5 Vesting of legacy equity arrangements

(a) FY2019 SPPR outcomes

We calculate SPPR shares delivered to executives by multiplying the number of SPPR granted by the proportionate increase or decrease (the multiple) in the Worley share price over the two year vesting period. This is subject to a maximum cap (at 200% or higher of the grant price, the Multiple reaches a maximum of two) and a minimum floor (at 70% or less of the grant price all SPPR will lapse). The opening and closing share prices are measured as VWAP for the ten trading days immediately following the release of our full year financial results.

The FY2019 SPPR award is the final SPPR grant made. We expect to deliver no shares to executives for the FY2019 SPPR award. Our opening share price was \$20.30 and the hurdle share price is \$14.21 (70% of the opening price). The VWAP to 30 June 2020 was \$8.77.

(b) Acquisition awards

From time to time, the Board has implemented equity awards to relevant executives to motivate them to deliver value through acquisitions. The Board sets stretch targets and makes sure that executives only receive value when they achieve performance conditions. This creates further alignment to shareholders and ensures vesting depends on satisfactory individual performance and employment.

ECR grants

The acquisition of ECR during FY2019 underpins our growth plans and delivers significant benefits to our shareholders. It generates material EPS accretion and returns for shareholders, and creates a pre-eminent global provider of professional project and asset services in resources and energy. It delivers enhanced earnings diversification and resilience, and brings significant value upside as a result of cost and revenue synergies. To drive performance in these areas, we made a grant of performance rights to Chris Ashton and Tom Honan in FY2019, split into two equal tranches, vesting after 12 and 24 months respectively. Vesting is subject to achieving performance conditions. KPIs include:

- achieving cost and revenue synergies;
- integrating core operating systems, governance and control processes; and
- implementing the new organization with minimal loss of talent .

The face value of the grant equated to 60% of their fixed pay.

In FY2020, the first tranche vested in full after they achieved all vesting conditions. We assessed performance of the second tranche at the end of June 2020 and it will result in 100% of rights vesting in September 2020.

Transition equity for ECR personnel

Andrew Berryman and Vinayak Pai received grants of Worley equity rights in place of ECR unvested equity that the executives forfeited when moving to Worley. The timeframes of the awards broadly aligned to the foregone ECR equity. These grants were subject to ongoing employment and minimum performance standards and vested in full in FY2020. There are further equity rights still to vest in FY2021.

4.6 Remuneration received by executives during FY2020

The table below gives a summary of the remuneration received by executives during the performance periods ended 30 June 2019 and 30 June 2020. We believe that presenting this information to shareholders gives them greater clarity and transparency. We have changed the methodology from the actual remuneration outcomes table in the FY2019 Remuneration Report to strengthen the alignment to the performance period (subject to additional holding periods). This table also differs from the statutory remuneration table on page 72, which presents remuneration in accordance with accounting standards.

Remuneration received by executives relating to performance for FY2020 is explained below. The same methodology has been used to calculate FY2019 remuneration.

A. Fixed salary	Comprises base salary plus superannuation or retirement contributions paid for FY2020.
B. Cash STI	Comprises accrued cash STI for FY2020.
C. Deferred equity awards	We include the value of all tested equity awards to the end of the performance period to 30 June 2020. These awards include FY2017 and FY2018 LTI awards (which are subject to a one year holding lock), the first tranche of the FY2020 DEP grant as well as one off equity awards where footnoted. The FY2019 SPPR are excluded as we do not expect them to vest. The value shown is the face value. This is based on the VWAP of the Company's ordinary shares over the five trading days up to and including the end of the performance period i.e. 30 June 2020. The actual value received will depend on the share price at exercise. The deferred equity awards generally vest in September 2020 and executives must remain employed to the vesting date (and to the end of the applicable holding periods) or be a good leaver to be eligible to receive them.
D. Benefits	Includes local benefits provided in line with market practice and items to support international assignments, such as medical insurance and housing allowances.
E. Termination Benefits	This includes payments of notice periods and accrued contractual leave entitlements

We have presented all remuneration in Australian Dollars.

Table 4.6.1

NAME	YEAR	FIXED SALARY \$000 (A)	CASH STI \$000 (B)	DEFERRED EQUITY AWARDS ^a \$000 (C)	BENEFITS \$000 (D)	TERMINATION BENEFITS \$000 (E)	TOTAL REMUNERATION RECEIVED \$000 = A + B + C + D + E	PERFORMANCE RELATED REMUNERATION \$000 = B + C
EXECUTIVE DIRECTORS								
Chris Ashton (current)¹	FY2020	1,186	632	499	54	-	2,371	1,131
	FY2019	704	252	582	44	-	1,582	834
Andrew Wood (former)²	FY2020	2,141	1,317	1,473	40	1,737	6,708	2,790
	FY2019	1,683	1,399	1,994	12	-	5,088	3,393
OTHER EXECUTIVES								
Andrew Berryman³	FY2020	583	269	360	254	-	1,466	629
	FY2019	84	74	327	8	-	493	401
Tom Honan⁴	FY2020	1,087	541	832	21	-	2,481	1,373
	FY2019	970	530	879	21	-	2,400	1,409
Vinayak Pai⁵	FY2020	1,023	527	472	225	-	2,247	999
	FY2019	77	94	355	189	-	715	449
Adrian Smith⁶	FY2020	547	244	93	317	-	1,201	337
	FY2019	527	110	149	312	-	1,098	259
Karen Sobel⁷	FY2020	640	411	98	117	-	1,266	509
	FY2019	78	21	173	25	-	297	194
Total remuneration	FY2020	7,207	3,941	3,827	1,028	1,737	17,740	7,768
	FY2019	4,123	2,480	4,459	611	-	11,673	6,939

1 Chris Ashton's deferred equity awards include equity vesting under the ECR acquisition grant.

2 Andrew Wood's fixed salary includes 5 months salary for the period that he worked as an advisor and not a KMP. His termination benefit comprises 7 months notice paid in lieu of \$1.236 million and accrued statutory annual leave entitlements of \$501 thousand. His deferred equity comprises equity that will vest to him in September 2020, consistent with other executives. Equity retained as a result of his treatment as a 'good leaver' upon retirement will be subject to normal performance and vesting conditions. Refer to the statutory remuneration tables for more information.

3 Andrew Berryman's deferred equity includes Worley equity he received in place of ECR unvested equity. He received a payment of accrued statutory annual leave entitlements when he left Canada to relocate to Australia. He also received benefits to support his international assignment to Australia from September 2019. Andrew joined Worley as an executive on 27 April 2019. His FY2019 fixed remuneration, benefits and STI relate to the period he was an executive at Worley only.

4 Tom Honan's deferred equity awards include equity vesting under the ECR acquisition grant. Tom received a fixed remuneration increase of 12% effective on 1 July 2019, reflecting the increased scope and complexity of his role following the ECR acquisition and his deep experience as a CFO executive.

5 Vinayak Pai's deferred equity includes Worley equity he received in place of ECR unvested equity. He also received benefits to support his international assignment to the Netherlands from August 2019. Vinayak joined Worley as an executive on 27 April 2019. His FY2019 fixed remuneration, benefits and STI relate to the period he was an executive at Worley only.

6 Adrian Smith receives benefits to support his international assignment to the UK.

7 Fixed remuneration and STI for FY2019 relates to Karen Sobel's employment as an executive which commenced on 27 April 2019. Karen received benefits to support her international assignment to the US. She returned to Canada, her country of residence, in April FY2020.

8 The share price used for 30 June 2019 is \$14.68.

5. EXECUTIVE REMUNERATION STRUCTURE

We have developed the remuneration framework to support the business 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.

Importantly, the remuneration framework must be internationally competitive to attract, motivate, retain and mobilize top talent across countries. It 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.

5.1 Fixed remuneration

Fixed remuneration provides an executive with competitive fixed salary (cash) and benefits. Fixed salary reflects the accountabilities and expectations of the role and individual factors such as the executive's experience, capability, performance and potential.

We set fixed salary in relation to market conditions and benchmarking of roles of similar scope and complexity in relevant peer companies. We benchmark executive remuneration against that of other Australian listed companies with global operations of comparable size, complexity and industry relevance. We review this peer group regularly. Where relevant for specific roles, the Board also reviews remuneration levels of our international competitors.

We give fixed salary in the form of cash base salary or allowances, superannuation or retirement benefit contributions and any salary sacrificed components.

Executives will be eligible for certain benefits in line with the policies of their local employer. Our benefits comply with local legislation and are locally competitive to attract and retain executives and support their health and wellbeing. Typically, this will include retirement contributions (such as statutory superannuation) and basic insurances (such as disability, life and medical) where it is local market practice. We may also provide some benefits to support the global mobilization of executive talent. We aim to have competitive global mobility policies and support the health, safety and well being of our people and their families.

5.2 STI

The following table summarizes the STI plan applied in FY2020:

Table 5.2.1

FEATURE	DESCRIPTION
Purpose and link to strategy	The STI plan focuses the efforts of the CEO and other executives on delivering key financial, HSS and strategic priorities relevant to the financial year. The plan motivates executives to achieve stretch targets and reward them for outperformance when achieved.
Opportunity	Annual STI targets are set at 100% of fixed salary for the CEO and 80% (typical) of fixed salary for other executive KMP. We set stretch KPI targets which must be fully achieved to receive a target STI payout. The maximum STI payable is 200% of target to motivate and reward outperformance. It can only be achieved through exceptional financial performance and Board discretion.
Eligibility	All executives are eligible to participate in the STI plan. Generally, for an executive to be eligible for a payment, they must have been employed for at least three months of the financial year and remain employed at the date of payment.
Delivery	Cash.
Performance period	1 year.
Setting performance conditions and targets	The Board sets the annual KPIs, weightings, targets and thresholds at the beginning of the financial year. The Board has oversight of the KPIs to ensure they are robust. KPI targets represent a stretch level of performance which is over and above day job performance. The Board sets an outstanding level of performance for financial targets to pay out above 100%. Executives also need to achieve a high threshold of performance before any STI is payable.
Performance conditions	<p>We measure performance through a balanced mix of financial, HSS and strategic KPIs. The weightings of these measures are: financial 60%, HSS 10% and strategic 30%. This ensures that we select measures that are fundamental to the long-term sustainability and development of the business.</p> <p>The financial KPIs are underlying NPATA and DSO. These KPIs focus executives on annual operating profit and cash flow, measured through a focus on cash collection.</p> <p>We choose HSS to support our belief that the health, safety and wellbeing of our people and communities is paramount. Without it, nothing else matters. The HSS KPI requires the executive to demonstrate personal and visible leadership, to drive positive HSS outcomes and to contribute to our continual improvement. We measure it through leadership activities undertaken throughout the performance year which go above and beyond everyday responsibilities. These are a leading indicator of HSS outcomes and ensure a strong focus on HSS is embedded at all levels.</p> <p>Additionally, there is a HSS gate that executives must achieve before they achieve the HSS KPI. We measure the gate as Group TRCFR < 0.2 and Group SCFR < 0.15. It ensures reportable incidents do not exceed an acceptable level. Group SCFR is a new measure used internally to ensure a focus on serious cases including a fatality or permanent disabling injury or illness, and events that had the potential to result in a fatality or a permanent disabling injury or illness.</p> <p>Given our focus on delivering value from the ECR acquisition, our FY2020 strategic KPIs related to integrating the ECR business. Our executives shared KPIs to align their efforts in achieving targets. The KPIs focused on achieving cost synergies, integrating core operating systems and retaining key senior leaders.</p>
Performance assessment and payout	<p>At the end of the financial year, the People and Remuneration Committee and the Board assess achievement against each KPI and compare the result to the targets and thresholds set at the beginning of the year. To do this, they receive guidance and input from other Board Committees.</p> <p>The Board has a policy to review underlying NPATA for remuneration purposes to ensure executives are:</p> <ul style="list-style-type: none"> ▪ being appropriately held to account for their actions and delivering the annual target; and ▪ considering potential acquisitions or investment and transformational opportunities without the influence of their impact on remuneration outcomes. <p>Each KPI has an individual performance threshold and the payout value is zero where the performance threshold has not been met. For financial KPIs, the threshold performance is 80% of budget or target. For performance above threshold a sliding scale applies to determine the payout i.e. for each 1% above 80% of the budget, the payout is 5%. We cap this at 200% (which is for 120% achievement against budget or target). The HSS and strategic KPIs, which are non-financial measures, have a maximum payout of 100% of target. The result of each KPI determines the payout. We apply the KPI weighting and the sum of the weighted KPI payouts determines the STI payout (pre-modifier). We apply the modifier to calculate the final STI payout.</p> <p>The People and Remuneration Committee and Board will also assess the funding available for the STI plan and the extent to which a modifier or discretion is applied to the STI scorecard outcomes. They will consider underlying financial performance compared to target and other company performance outcomes, covering financial, operational, health and safety, assurance and risk, customer, people, shareholder and other stakeholder outcomes. The Board believes this approach is rigorous, objective and comprehensive. It ensures STI outcomes are appropriate and a true reflection of performance. It is an important risk mitigant against unintended outcomes.</p>

5.3 DEP

The following table summarizes the DEP in FY2020:

Table 5.3.1

FEATURE	DESCRIPTION
Purpose and link to strategy	We introduced the DEP in FY2020 to attract, motivate and retain executives across multiple jurisdictions. Using deferred equity rights is internationally competitive, particularly in the United States where we have more than half of our senior leaders and business. The DEP aligns shareholders and focuses executives on the long term. It helps executives to achieve the above Australian market standard MSR. It also acts as a retention tool, particularly through transition and in years where we are impacted by the volatility of commodity cycles.
Opportunity	We set annual DEP targets at 50% of fixed salary for the CEO and 40% (typical) of fixed salary for other KMP.
Eligibility	All executives are eligible to participate in the DEP. To be eligible for an award, they generally must have been employed at the beginning of the performance period i.e. 1 July prior to the grant.
Delivery	Deferred equity rights. Each deferred equity right that vests entitles executives to one Worley share.
Restriction period	The deferred equity rights vest in three equal tranches over three years. For the FY2020 grant, the rights will vest in September 2020, September 2021 and September 2022.
Number of deferred equity rights	We determine the number of equity rights by dividing the executive's target DEP value as at 1 July 2019 by the VWAP of Shares over the 10 trading days immediately following the day we released our FY2019 financial results. For the FY2020 grant, this was \$12.50. We use the same price to determine the number of rights we award to the CEO.
Vesting conditions	Deferred equity rights vest and convert to shares subject to satisfying the vesting conditions. The conditions are that the executive remains an employee of the Group on the vesting date and that their performance is satisfactory up until that time. In certain circumstances, the Board may exercise its discretion and allow a good leaver to retain their deferred equity rights. This is outlined further in Section 8.7. Clawback and malus conditions also apply. If the executive meets the vesting conditions, we allocate shares in three equal tranches as set out above.

5.4 LTI

The following table summarizes the LTI plan we applied in FY2020:

Table 5.4.1

FEATURE	DESCRIPTION
Purpose and link to strategy	The LTI focuses the efforts of the CEO and other executives on creating sustainable long-term value. It rewards executives for creating sustained shareholder wealth in excess of that of peer companies in our industry and absolute long-term earnings performance over and above inflation. It also encourages retention and promotes strong alignment with shareholders' interests.
Opportunity	We set an annual LTI award value of 85% of fixed salary for the CEO and 60% (typical) of fixed salary for other KMP. This represents the current face value of equity should stretch performance targets be fully achieved. The value ultimately received by executives will depend on the Worley share price at the time of vesting, when shares become available to the executive.
Eligibility	All executives are eligible to participate in the LTI. To be eligible for an award, they generally must have been employed at the beginning of the performance period i.e. 1 July before the grant.
Delivery	Performance rights. Each performance right that vests entitles executives to one Worley share. The share is subject to dealing restrictions and further vesting conditions, which become unrestricted if the executive satisfies the vesting conditions described below.
Performance period	We measure performance over a three year period. Subject to the executive remaining in continued employment, satisfying performance hurdles and the vesting schedules described below, the FY2020 LTI will vest on 30 September 2022. In certain circumstances, the Board may exercise its discretion and allow a good leaver to retain their performance rights. This is outlined further in Section 8.7. On vesting, executives will receive a restricted share for each long-term equity performance right that vests. Restricted shares will be subject to a one year restriction period, during which executives cannot deal in those shares.
Number of performance rights	We determine the number of rights by dividing a percentage of an executives pay as at 1 July 2019 by the VWAP of shares over the 10 trading days immediately following the day on which we released our financial results for FY2019. We use the same price to determine the number of rights we award to the CEO.
Summary of performance conditions	We assess the LTI against two equally weighted, independent performance targets: TSR and EPS. The independent performance targets align an executive's interests with shareholder returns while driving long-term Company performance.

FEATURE	DESCRIPTION	
Vesting conditions	<p>Relative TSR performance hurdle – 50% weighting</p> <p>The TSR measure represents the change in the value of our share price over a period, including reinvested dividends. These are expressed as a percentage of the opening value of the shares. The Board chose relative TSR as a performance hurdle because it believes this provides the most direct measure of shareholder return and reflects an investor's choice to invest in this Company or our direct competitors. Executives will only derive value from the TSR component of the LTI plan if our TSR performance is at least at the 50th percentile of companies in the peer comparator group over a three year period.</p> <p>There is no retesting opportunity for the long-term equity under the relative TSR measure. The vesting schedule of the rights subject to the relative TSR hurdle is as follows:</p>	
<hr/>		
RELATIVE TSR PERCENTILE RANKING	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET	
Less than 50th percentile	0%	
At 50th percentile	50%	
Greater than the 50th percentile but less than the 75th percentile	Pro-rated vesting between 50% and 100%	
At 75th percentile or greater	100% (i.e. maximum available under the plan)	
<hr/>		
The TSR peer comparator group for the FY2020 grant comprises:		
JGC Corporation	SNC Lavalin	Bilfinger
AECOM	Stantec	Fugro
EMCOR Group Inc	Tetra Tech	Petrofac
Fluor Corporation	WSP Global	Saipem
KBR McDermott International Inc	Aker Solutions	Technip
Quanta Services Inc	Arcadis	Wood Group
<hr/>		
The Board can adjust the peer comparator group to take into account events that happen during the performance period, for example takeovers or mergers.		
EPS growth performance hurdle – 50% weighting		
To measure EPS, we divide the Group underlying NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year. To measure growth in EPS, we compare the EPS in the financial year immediately preceding the grant with the EPS in the measurement year. The Board chose EPS growth as a performance hurdle because it provides a clear line of sight between executive performance and Company performance. It is also a well recognized and understood measure both within and outside the organization. The Board may adjust the Group underlying NPAT used for remuneration purposes, where appropriate, to better reflect operating performance. Executives will only derive value from the EPS growth component of the grant made during FY2020 if the Company achieves compound annual growth in EPS of at least 4% per annum above the increase in the Consumer Price Index (CPI) over the three year performance period. The vesting schedule of the rights subject to the EPS growth hurdle is as follows:		
<hr/>		
COMPOUND GROWTH IN EPS OVER THE PERFORMANCE PERIOD	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE EPS HURDLE IS MET	
Less than 4% p.a. above the increase in CPI	0%	
4% p.a. above the increase in CPI	50%	
More than 4% p.a. above the increase in CPI but less than 8% p.a. above the increase in CPI	Pro-rated vesting between 50% and 100%	
8% p.a. or greater above the increase in CPI	100% (i.e. maximum available under the plan)	
<hr/>		
Restricted shares are subject to a one year restriction period, during which participants are unable to deal in those Shares. Restricted shares are subject to further vesting conditions, being that the executive's performance is satisfactory and they remain an employee of the Group until the end of the one-year restriction period. In certain circumstances, the Board may exercise its discretion and allow a good leaver to retain their restricted shares. This is outlined further in section 8.7.		

6. EXECUTIVE EMPLOYMENT AGREEMENTS

We have outlined the key aspects of executive contracts below:

Table 6.1

	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS ¹
EXECUTIVE DIRECTOR			
Chris Ashton (current) ²	Unlimited	6 months	6 months
Andrew Wood (former)	Unlimited	12 months	12 months
OTHER EXECUTIVES			
Thomas Honan	Unlimited	12 months	6 months
Andrew Berryman	Unlimited	6 months	6 months
Vinayak Pai	Unlimited	6 months	6 months
Adrian Smith	Unlimited	12 months	6 months
Karen Sobel	Unlimited	12 months	6 months

1 Notice period, whether given by the executive or the Group is the same.

2 If the responsibilities of the role fundamentally change and we terminate Chris' employment agreement, he will be entitled to a payment of 12 months' fixed salary.

The executive contracts include the components of remuneration which we pay. The contract includes an annual review but does not prescribe how we will modify remuneration levels from year to year.

If we terminate an executive's contract, they are generally entitled to their statutory leave entitlements. If an executive resigns, we only pay their variable pay if they are employed on the date of payment or vesting (which is after the performance year). In certain circumstances, the Board may decide to allow a good leaver to retain eligibility to variable pay. We have outlined this further in section 8.7.

The Company did not make any sign-on or separation payments during FY2020. In accordance with his employment contract Andrew Wood received a payment in lieu of the unserved portion of his 12-month notice period following his cessation on 3 July 2020.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

This section outlines the remuneration arrangements in place for the Company's Non-Executive Directors (NEDs).

We set NED fees at a level that is market competitive in order to attract and retain the high caliber of directors the Company requires for it to adequately address the significant strategic and operational challenges it faces, domestically and abroad. There is a cap on the fee amount we can pay to NEDs in any year (these include Board and Committee fees). This cap is agreed by our shareholders.

The current maximum aggregate amount is \$3.25 million per annum. This was set by shareholders at the 2012 Annual General Meeting. Of the aggregate annual fee pool, we paid 82% (\$2.66 million) during FY2020 compared to 69% (\$2.24 million) in FY2019. Total fees paid during FY2020 increased. This is because we paid the full annual fee to directors who were appointed in the second half of FY2019, made some increases to Committee fees and introduced a fee for the Lead Independent Director role. However, this was offset by reducing the travel allowances we paid to directors due to conducting Board and committee meetings virtually in the second half of FY2020. As a reminder, the Chairman, Mr John Grill, elected to receive no fees for his role in both FY2017 and FY2018. We reinstated his fees effective 1 July 2018.

The Board reviews NED fees each year to compare them to the fees paid by other ASX listed companies of similar size and global scope. It also considers the number of NEDs we need for the business. Following the review in 2019, the Board increased the fees for the People and Remuneration Committee (formerly Remuneration Committee) Chair, HSS Committee Chair and HSS Committee member, effective 1 July 2019.

We have set out the Board and committee fees for FY2020 in the table below. These amounts include superannuation contributions made on behalf of NEDs in accordance with the Company's statutory obligations. The directors do not receive any performance-related incentives such as options or rights to shares, and we provide no retirement benefits to NEDs other than superannuation contributions. All NEDs held office for the whole of FY2020, unless otherwise stated on page 52.

Table 7.1

COMPONENT	EXPLANATION AND DETAIL	
Board fees	We pay competitive Board fees to attract and retain high-caliber directors and provide appropriate remuneration for roles. Board fees are as follows:	
	ROLE	FEE P.A.
	Chairman	\$520,000
	Lead Independent Director	\$269,000
	Other NED Base fee	\$194,000
	The Chairman and Lead Independent Director roles have fixed fees and they do not receive additional fees for being a member of any Committees.	
	The Deputy Chairman role did not have a fixed fee for FY2020.	
Committee fees	Committee fees recognize the additional responsibilities, time and commitment required to contribute to the committee. The annual committee fees are as follows:	
	ROLE	FEE P.A.
	Chairman of Audit and Risk Committee	\$47,000
	Member of Audit and Risk Committee	\$26,000
	Chairman of People and Remuneration Committee	\$40,000
	Member of People and Remuneration Committee	\$21,000
	Chairman of Health, Safety and Sustainability Committee	\$40,400
	Member of Health, Safety and Sustainability Committee	\$21,000
	Chairman/Member of Nominations Committee	nil
Other benefits	NEDs are eligible for allowances of \$5,000 per trip for additional time incurred on overseas business travel, including attending Board meetings and site visits. We make these payments from the NED fee pool. NEDs are also entitled to a reimbursement for all business expenses, including travel, they incur while working. We do not pay retirement benefits to NEDs, unless required to by legislation. From time to time, the Board may determine special fees for additional duties directors undertake.	

We have set out the remuneration outcomes of the NEDs for FY2020 and FY2019 in the Remuneration Tables section of the report, on page 77. We have detailed the NED beneficial interests in shares of the Company as at 30 June 2020 in the Remuneration Tables section of the report, on page 78.

8. REMUNERATION GOVERNANCE

The diagram below illustrates the process we follow to make remuneration decisions, and explains the roles various stakeholders play:



During FY2020 we expanded the scope of our Remuneration Committee to include additional responsibilities and changed the name to the People and Remuneration Committee. These responsibilities related to:

- diversity and inclusion strategy and objectives;
- executive development and succession, and
- our culture and values.

This change has strengthened the People and Remuneration Committee's governance on people-related topics. The People and Remuneration Committee has also strengthened the relationship with the Audit and Risk and HSS Committees. This is to further align remuneration with culture and risk appetite and enhance the governance of remuneration strategy, framework and outcomes. This is a continued focus for the Board in FY2021.

The People and Remuneration Committee or Board use advice and information as a guide only and are responsible for all decisions. If required, the People and Remuneration Committee seeks independent advice relating to the quantum and structure of remuneration. In these situations, the remuneration advisor engages directly with the People and Remuneration Committee Chair.

During FY2020, KPMG gave management and the People and Remuneration Committee market practice information and advice. This did not include remuneration recommendations. The Committee and Board considered all information and advice provided. The engagement cost was not material for either party. The People and Remuneration Committee is satisfied that the information KPMG provided was free from undue influence by any executive. We engaged Orient Capital to calculate the TSR for the purposes of determining the vesting of LTI. The amount the Company paid to Orient Capital is not material for either party.

8.1 Minimum shareholding requirement

Executives are required to meet a MSR so as to:

- reinforce our objective of aligning executives to shareholders and encouraging them to behave like owners; and
- increase focus on building long-term shareholder value.

To satisfy the requirement, executives must retain equity they received through incentive plans until their holding is equivalent in value to two times their fixed pay (or four times fixed pay for the CEO). They must maintain that multiple. The table on page 73 shows a summary of the position of each executive against the requirement as at 30 June 2020.

We require NEDs to hold a MSR to align NED and shareholder interests. Each NED must build a holding of the Company's ordinary shares that is equivalent in value to their annual fee. NEDs are expected to comply with this within their first full term of three years as a director. The table on page 78 shows a summary of the position of each NED against the requirement as at 30 June 2020.

For the purposes of this test, we have calculated the value of shares using the number of shares held at 30 June 2020 multiplied by the five-day (VWAP) of the Company's shares up to and including 30 June 2020 (\$8.77) or purchase price if higher.

8.2 Other equity provisions

Equity rights granted to the executives under our equity plans carry:

- no voting or dividend entitlements; and
- no entitlement to participate in new share issues made by the Company other than bonus issues and capital reorganizations (when the Board may adjust the number of rights in accordance with the ASX Listing Rules, so as to ensure no advantage or disadvantage to the executive).

8.3 Exercise of equity rights and allocation of shares

Once an executive has satisfied their performance hurdles, their equity rights are automatically exercised (unless they elect otherwise) and participants acquire shares at a nil exercise price. Where an executive has a tax withholding obligation on vesting, we may withhold a number of shares equal to the value of the tax and social security obligations. We then pay the value directly to the relevant tax authority on the executive's behalf. Shares allocated to an executive upon exercise of rights rank equally with all other ordinary shares on issue. Where the shares are subject to further vesting conditions or restriction periods (i.e. they are restricted shares), they cannot be sold before the vesting date or end of the restriction period (as applicable). They may still be forfeited in certain circumstances. After vesting, participants have unencumbered ownership of the shares, subject to complying with the Company's Securities Dealing Policy and MSR.

8.4 Dilution limit

The Board has determined that the number of securities we issue to executives and all other participants under our equity plans should be capped at 5% of the issued share capital of the Company over a five-year period. Currently, the number of securities issued and held in accordance with the equity plans represents 2.06% of the Company's issued share capital (FY2019: 1.56%).

8.5 Hedging

Under our Securities Dealing Policy, directors and executives are not permitted to hedge unvested performance rights or shares that count towards their MSR. This ensures that executives:

- cannot limit the risk associated with these instruments; and
- are subject to the same fluctuations in share price as all other shareholders.

8.6 Clawback and malus provisions

Our clawback and malus provisions within the variable pay plans enable the Board to claw back or lapse an employee's unvested equity rights (or their vested but unexercised equity rights) if they believe that the employee:

- has acted fraudulently or dishonestly;
- is in breach of their obligations to the Company or another Group company; or
- received awards based on financial accounts which were later restated.

8.7 Cessation of employment and change of control

The Group's policy in relation to termination benefits and entitlements treats leaving executives fairly and according to the law and market practice. The policy covers discretions that the Board may exercise which are summarized below. At the 2019 AGM, shareholders approved this policy to continue this approach and keep us internationally competitive.

Where an executive leaves the Group, the Board may exercise its discretion to determine eligibility to some or all of a cash incentive or outstanding equity rights. The Board will also decide the basis (that is the conditions, timing and so on) on which any payment or vesting occurs. The Board will consider relevant factors, including an assessment of the executive's contribution and performance. In the past, the Board has generally exercised this discretion in special circumstances only, such as permanent disability, retirement and redundancy. This is known as being a good leaver.

The Board may allow the executive to retain a portion of the cash incentive and for a portion of any outstanding unvested equity rights to remain in the plan. We typically determine the portion on a pro-rata basis and consider the time the executive was employed during the performance period. Any cash incentive we subsequently pay will be subject to our and the executive's performance. The retained unvested equity rights are subject to the applicable performance and time vesting requirements and will vest or lapse in the ordinary course. The Board believes that this discretion is in our best interests.

The Board will exercise its discretion to determine whether any or all unvested equity rights vest in the event of a change of control of the Company. This is where a third party unconditionally acquires more than 50% of the issued share capital of the Company, pro-rata performance against applicable performance hurdles up to the date of the change of control would be considered.

9. REMUNERATION TABLES (STATUTORY DISCLOSURES)

We have presented all remuneration in Australian Dollars in the following statutory tables.

9.1 Statutory remuneration outcomes

We have detailed executive remuneration in the following table in accordance with accounting standards. Accounting standards require us to amortize the accounting value of equity awarded over the relevant period of performance (or vesting period). The table below includes the annual accounting values. We determine the target value of equity we award during the year as a percentage of fixed pay that Worley aims to deliver. The current targets are outlined in section 5. We have outlined the face value of deferred equity awards vesting to executives for performance to 30 June 2020 in table 4.6.1. For the purposes of the statutory remuneration tables deferred equity awards are called performance rights as they are awarded under the Worley performance rights plan.

Table 9.1.1

NAME	YEAR	CASH SALARY \$000	CASH INCENTIVE/ CASH STI ¹ \$000	OTHER BENEFITS ² \$000	TOTAL SHORT TERM CASH AND BENEFITS \$000	SUPER-ANNUATION BENEFITS \$000	LONG SERVICE LEAVE \$000	TERMINATION BENEFITS ³ \$000	EQUITY INCENTIVE/ STI/EQUITY SETTLED ⁴ \$000	LTI EQUITY SETTLED \$000	TOTAL REMUNERATION IN ACCORDANCE WITH ACCOUNTING STANDARDS \$000	VARIABLE PAY % OF TOTAL REMUNERATION %
EXECUTIVE DIRECTORS												
Chris Ashton (current)	FY2020	1,169	632	54	1,855	17	-	-	444	266	2,582	52.0%
	FY2019	687	252	44	983	17	-	-	542	153	1,695	55.9%
Andrew Wood (former) ⁵	FY2020	2,120	1,317	4	3,441	21	36	1,737	873	1,028	7,136	45.1%
	FY2019	1,662	1,399	12	3,073	21	35	-	744	697	4,570	62.1%
GROUP EXECUTIVES												
Andrew Berryman ⁵	FY2020	557	269	248	1,074	26	6	-	668	63	1,837	54.4%
	FY2019	77	74	8	159	7	-	-	218	-	384	76.0%
Tom Honan	FY2020	1,066	541	3	1,610	21	18	-	595	430	2,674	58.6%
	FY2019	949	530	3	1,482	21	16	-	796	283	2,598	61.9%
Vinayak Pai ⁶	FY2020	952	527	225	1,704	71	-	-	853	108	2,736	54.4%
	FY2019	72	94	189	355	5	-	-	225	-	585	54.5%
Adrian Smith	FY2020	547	244	317	1,108	-	-	-	166	72	1,346	35.8%
	FY2019	527	110	312	949	-	-	-	111	28	1,088	22.9%
Karen Sobel ⁷	FY2020	626	411	117	1,154	14	-	-	188	100	1,456	48.0%
	FY2019	70	21	25	116	8	-	-	21	5	150	31.3%
Total remuneration⁸	FY2020	7,037	3,941	968	11,946	170	60	1,737	3,787	2,067	19,767	-
	FY2019	4,044	2,480	593	7,117	79	51	-	2,657	1,166	11,070	-

¹ The amount relates to the FY2020 STI plan typically paid to executives in September 2020.

² This includes expatriate benefits (such as housing, home leave, tax advisory services) and local benefits (such as health insurance, car parking, company cars or car allowances, fringe benefits tax, and life insurance). In some cases, these are at the election of the executives i.e. they are salary sacrificed.

³ Andrew Wood's fixed salary includes 5 months salary for the period of his notice that he worked as an advisor and not a KMP. His termination benefit comprises 7 months notice paid in lieu of \$1,236 million and accrued statutory annual leave entitlements of \$501 thousand.

⁴ This remuneration includes a proportion of the fair value of equity remuneration granted or outstanding during the year. The fair value of equity is based on the fair value at grant date. It varies based on the probability of vesting and is expensed progressively over the vesting period. The amount included as remuneration is not indicative of the benefit (if any) that individual executives may ultimately realize should the equity instruments vest. Equity Incentive includes awards made under the SPPR and DEP plans.

⁵ Andrew Berryman's remuneration for FY2019 is disclosed from the date he joined Worley as an executive which was 27 April 2019.

⁶ Vinayak Pai's remuneration for FY2019 is disclosed from the date he joined Worley as an executive which was 27 April 2019.

⁷ Karen Sobel's remuneration for FY2019 is disclosed from the date she was employed as an executive which was 27 April 2019.

⁸ The FY2019 totals have been rounded in line with the current standard. Full details of prior year total remuneration are set out in the Remuneration Report for the relevant year.

9.2 Executive minimum shareholding requirement

We assess compliance with our MSR at 30 June each year. The table below gives a summary of the position of each executive against the requirement as at 30 June 2020.

Table 9.2.1

NAME	WEIGHTED NUMBER OF SHARES ¹	VALUE OF SHARES HELD ²	ANNUAL FIXED PAY	PERCENTAGE OF MINIMUM SHAREHOLDING REQUIREMENT ACHIEVED %
EXECUTIVE DIRECTORS				
Chris Ashton (current)³	178,936	1,960,665	1,700,000	29%
Andrew Wood (former)	1,723,834	15,997,704	2,100,000	190%
OTHER EXECUTIVES				
Andrew Berryman	57,549	731,664	551,429	66%
Thomas Honan	318,210	3,362,130	1,086,400	155%
Vinayak Pai	93,737	1,155,807	964,614	60%
Adrian Smith	45,902	546,887	546,638	50%
Karen Sobel	42,111	535,581	640,093	42%

1 Includes Worley shares held plus 50% of unvested performance rights provided in table 9.3.1 below.

2 Calculated as the weighted number of shares held at 30 June 2020 multiplied by the higher of the VWAP over the five trading days to 30 June 2020 (\$8.77) or the price at which we allocated performance rights.

3. Chris Ashton's MSR has increased to four times his new annual fixed pay upon his appointment to CEO.

9.3 Executive's interests in shares and performance rights

We have detailed beneficial interests in shares and performance rights granted as at 30 June 2020 in the table below. We discuss the service and performance criteria for the equity awards vesting in FY2020 in section 4 on page 64 and other equity awards in the executive remuneration structure section on page 65.

Table 9.3.1

NAME	TYPE	BALANCE AT 1 JULY 2019	PERFORMANCE RIGHTS GRANTED	PERFORMANCE RIGHTS EXERCISED	CHANGE IN STATUS	OTHER TRANSACTIONS ¹	BALANCE AT 30 JUNE 2020
EXECUTIVE DIRECTORS							
Chris Ashton (current)	SHARES	92,301	-	39,676	-	(29,162)	102,815
	RIGHTS	123,273	69,590	(39,676)	-	(938)	152,249
Andrew Wood (former)²	SHARES	1,412,200	-	135,854	-	-	1,548,054
	RIGHTS	499,576	226,800	(135,854)	-	(238,957)	351,565
OTHER EXECUTIVES							
Andrew Berryman	SHARES	-	-	25,085	-	(12,496)	12,589
	RIGHTS	69,827	45,183	(25,085)	-	-	89,925
Thomas Honan	SHARES	145,192	-	59,857	-	-	205,049
	RIGHTS	200,689	86,912	(59,857)	-	(1,415)	226,329
Vinayak Pai	SHARES	-	-	25,421	-	-	25,421
	RIGHTS	85,013	77,043	(25,421)	-	-	136,635
Adrian Smith	SHARES	14,591	-	10,125	-	(4,760)	19,956
	RIGHTS	28,751	33,788	(10,125)	-	(517)	51,897
Karen Sobel	SHARES	2,530	-	11,790	-	(5,661)	8,659
	RIGHTS	28,059	51,086	(11,790)	-	(447)	66,908
Total	SHARES	1,666,814	-	307,808	-	(52,079)	1,922,543
	RIGHTS	1,035,188	590,402	(307,808)	-	(242,274)	1,075,508

1 This may include rights lapsed due to cessation of employment or as a result of performance tests, or shares foregone by the executive at vesting equal to the value of any withholding tax paid by Worley on their behalf.

2 Andrew Wood retired as CEO effective 23 February 2020. The Board decided to treat Andrew as a good leaver in respect of outstanding unvested equity. We have pro-rated his outstanding LTI and DEP to 30 June 2020. This was calculated by reference to the portion of the relevant performance period employed to 30 June 2020 as a proportion of the total performance period applicable to each grant. The total rights lapsed comprises rights forfeited as a result of his retirement and rights forfeited as a result of the FY2016 LTI (EPS tranche) not vesting and the FY2018 SPPR partially vesting.

9.4 Details of vested, exercised, lapsed and outstanding rights

We have set out full details of prior year equity grants in the Remuneration Report for the relevant year. Each grant shown has an expiry date seven years following the grant date.

Table 9.4.1

NAME	PLAN	GRANT DATE	VEST DATE	GRANTED ¹	FAIR VALUE PER RIGHT ²	FAIR VALUE OF GRANT ³ \$'000	RIGHTS VESTED	RIGHTS EXERCISED	RIGHTS LAPSED ⁴	RIGHTS LAPSED %
EXECUTIVE DIRECTORS										
Chris Ashton (current)	LTI	31 Oct 19	30 Sep 23	20,877	7.78	162	-	-	-	-
		31 Oct 19	30 Sep 23	20,877	12.10	253	-	-	-	-
		31 Oct 18	30 Sep 22	8,716	6.62	58	-	-	-	-
		31 Oct 18	30 Sep 22	8,716	13.19	115	-	-	-	-
		31 Oct 17	30 Sep 21	11,763	9.72	114	-	-	-	-
		31 Oct 17	30 Sep 21	11,763	13.13	154	-	-	-	-
		31 Oct 16	30 Sep 20	17,490	5.96	104	-	-	-	-
	DEP	31 Oct 16	30 Sep 20	17,490	6.41	112	-	-	-	-
		31 Oct 19	30 Sep 22	9,278	12.10	112	-	-	-	-
		31 Oct 19	30 Sep 21	9,279	12.67	118	-	-	-	-
Andrew Wood⁶ (former)	ECR ⁵	31 Oct 19	30 Sep 20	9,279	13.22	123	-	-	-	-
		31 Oct 18	30 Sep 20	13,752	13.90	191	-	-	-	-
		31 Oct 18	30 Sep 19	13,752	14.27	196	13,752	13,752	-	-
		31 Oct 17	30 Sep 19	12,747	13.54	173	12,747	12,747	-	-
		31 Oct 18	30 Sep 20	10,459	9.40	98	-	-	-	-
		31 Oct 17	30 Sep 19	14,115	17.18	242	13,177	13,177	938	6.6%
		31 Oct 19	30 Sep 23	71,400	7.78	555	-	-	47,600	66.7%
	DEP	31 Oct 19	30 Sep 23	71,400	12.10	864	-	-	47,600	66.7%
		31 Oct 18	30 Sep 22	33,497	13.19	442	-	-	11,166	33.3%
		31 Oct 18	30 Sep 22	33,498	6.62	222	-	-	11,166	33.3%
OTHER EXECUTIVES	SPPR	31 Oct 17	30 Sep 21	46,167	13.13	606	-	-	-	-
		31 Oct 17	30 Sep 21	46,168	9.72	449	-	-	-	-
		31 Oct 16	30 Sep 20	76,225	6.41	488	-	-	-	-
		31 Oct 16	30 Sep 20	76,225	5.96	454	-	-	-	-
		30 Oct 15	30 Sep 19	85,148	4.75	404	-	-	85,148	100.0%
		30 Oct 15	30 Sep 19	85,149	2.62	223	85,149	85,149	-	-
		31 Oct 19	30 Sep 22	28,000	12.10	339	-	-	18,667	66.7%
	SPPR	31 Oct 19	30 Sep 21	28,000	12.67	355	-	-	14,000	50.0%
		31 Oct 19	30 Sep 20	28,000	13.22	370	-	-	-	-
		31 Oct 18	30 Sep 20	39,409	9.40	370	-	-	-	-
		31 Oct 17	30 Sep 19	54,315	17.18	933	50,705	50,705	3,610	6.6%

NAME	PLAN	GRANT DATE	VEST DATE	GRANTED ¹	FAIR VALUE PER RIGHT ²	FAIR VALUE OF GRANT ³ \$'000	RIGHTS VESTED	RIGHTS EXERCISED	RIGHTS LAPSED ⁴	RIGHTS LAPSED %
Thomas Honan	LTI	31 Oct 19	30 Sep 23	26,073	7.78	203	-	-	-	-
		31 Oct 19	30 Sep 23	26,074	12.10	315	-	-	-	-
		31 Oct 18	30 Sep 22	14,335	6.62	95	-	-	-	-
		31 Oct 18	30 Sep 22	14,335	13.19	189	-	-	-	-
		31 Oct 17	30 Sep 21	21,285	9.72	207	-	-	-	-
		31 Oct 17	30 Sep 21	21,284	13.13	279	-	-	-	-
		31 Oct 16	30 Sep 20	35,141	5.96	209	-	-	-	-
	DEP	31 Oct 16	30 Sep 20	35,142	6.41	225	-	-	-	-
		31 Oct 19	30 Sep 22	11,589	12.10	140	-	-	-	-
		31 Oct 19	30 Sep 21	11,588	12.67	147	-	-	-	-
	ECR ⁵	31 Oct 19	30 Sep 20	11,588	13.22	153	-	-	-	-
		31 Oct 18	30 Sep 20	18,702	13.90	260	-	-	-	-
		31 Oct 18	30 Sep 19	18,702	14.27	267	18,702	18,702	-	-
Equity	31 Oct 17	30 Sep 19	21,285	13.54	288	21,285	21,285	-	-	-
	SPPR	31 Oct 18	30 Sep 20	14,335	9.40	135	-	-	-	-
		31 Oct 17	30 Sep 19	21,285	17.18	366	19,870	19,870	1,415	6.6%
		31 Oct 19	30 Sep 23	23,113	7.78	180	-	-	-	-
		31 Oct 19	30 Sep 23	23,113	12.10	280	-	-	-	-
Vinayak Pai	DEP	31 Oct 19	30 Sep 22	10,273	12.10	124	-	-	-	-
		31 Oct 19	30 Sep 21	10,272	12.67	130	-	-	-	-
		31 Oct 19	30 Sep 20	10,272	13.22	136	-	-	-	-
	ECR ⁵	29 Apr 19	30 Sep 21	17,250	11.19	193	-	-	-	-
		29 Apr 19	30 Sep 20	5,124	13.84	71	-	-	-	-
		29 Apr 19	30 Sep 20	9,984	13.84	138	-	-	-	-
		29 Apr 19	30 Sep 20	9,984	13.84	138	-	-	-	-
		29 Apr 19	30 Sep 20	17,250	10.60	183	-	-	-	-
		29 Apr 19	28 May 20	1,268	13.98	18	1,268	1,268	-	-
		29 Apr 19	30 Sep 19	2,634	14.30	38	2,634	2,634	-	-
		29 Apr 19	30 Sep 19	2,810	14.30	40	2,810	2,810	-	-
	CPPP ⁷	29 Apr 19	30 Sep 19	2,810	14.30	40	2,810	2,810	-	-
		29 Apr 19	30 Sep 19	3,882	14.30	56	3,882	3,882	-	-
		29 Apr 19	30 Sep 19	5,117	14.30	73	5,117	5,117	-	-
		29 Apr 19	30 Sep 19	6,900	7.62	53	6,900	6,900	-	-
		31 Oct 19	30 Sep 19	7,780	17.18	134	7,263	7,263	517	6.6%
		31 Oct 19	30 Sep 19	8,447	7.78	66	-	-	-	-
		31 Oct 19	30 Sep 23	8,447	12.10	102	-	-	-	-
Adrian Smith	DEP	31 Oct 18	30 Sep 22	2,543	6.62	17	-	-	-	-
		31 Oct 18	30 Sep 22	2,542	13.19	34	-	-	-	-
		31 Oct 17	30 Sep 21	3,334	9.72	32	-	-	-	-
		31 Oct 17	30 Sep 21	3,334	13.13	44	-	-	-	-
		31 Oct 19	30 Sep 22	5,632	12.10	68	-	-	-	-
		31 Oct 19	30 Sep 21	5,631	12.67	71	-	-	-	-
	CPPP ⁷	31 Oct 19	30 Sep 20	5,631	13.22	74	-	-	-	-
		31 Oct 17	30 Sep 19	2,862	13.54	39	2,862	2,862	-	-
		31 Oct 18	30 Sep 20	6,356	9.40	60	-	-	-	-
		31 Oct 17	30 Sep 19	7,780	17.18	134	7,263	7,263	517	6.6%

NAME	PLAN	GRANT DATE	VEST DATE	GRANTED ¹	FAIR VALUE PER RIGHT ²	FAIR VALUE OF GRANT ³ \$'000	RIGHTS VESTED	RIGHTS EXERCISED	RIGHTS LAPSED ⁴	RIGHTS LAPSED %
Karen Sobel	LTI	31 Oct 19	30 Sep 23	15,326	7.78	119	-	-	-	-
		31 Oct 19	30 Sep 23	15,326	12.1	185	-	-	-	-
		31 Oct 18	30 Sep 22	2,218	6.62	15	-	-	-	-
		31 Oct 18	30 Sep 22	2,217	13.19	29	-	-	-	-
		31 Oct 17	30 Sep 21	2,922	9.72	28	-	-	-	-
		31 Oct 17	30 Sep 21	2,922	13.13	38	-	-	-	-
	DEP	31 Oct 19	30 Sep 22	6,812	12.10	82	-	-	-	-
		31 Oct 19	30 Sep 21	6,811	12.67	86	-	-	-	-
		31 Oct 19	30 Sep 20	6,811	13.22	90	-	-	-	-
	CPPP ⁷	31 Oct 17	30 Sep 19	5,517	13.54	75	5,517	5,517	-	-
	SPPR	31 Oct 18	30 Sep 20	5,543	9.4	52	-	-	-	-
		31 Oct 17	30 Sep 19	6,720	17.18	115	6,273	6,273	447	6.7%

1 We discuss the service and performance criteria for the rights in the equity section on page 65 and 66 and the executive remuneration structure section on page 65. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). The rights granted may include those awarded prior to the executive becoming KMP.

2 An independent reviewer determines the fair value per right at grant date using an appropriate option pricing model in accordance with AASB 2 Share-based Payment. This model takes the following into account;

- the exercise price;
- the term of the right;
- the vesting and performance criteria;
- the impact of dilution;
- the non-tradeable nature of the right;
- the share price at grant date;
- the expected price volatility of the underlying share;
- the expected dividend yield; and
- the risk-free interest rate for the term of the right.

This amount represents the actual cost to the Company. We have used a Monte Carlo simulation model to value the relative TSR, strategic hurdle rights and SPPRs. We have used a Black-Scholes model to value the EPS growth rights, acquisition award rights, DEP rights, other cash settled rights and other equity settled rights.

3 We have calculated the total fair value of grant by multiplying the fair value per right by the number of rights granted. This does not represent the actual value the executive will receive from the grant. This will depend on them achieving their performance hurdles over the vesting period and the face value (share price) at the time of vesting. We have estimated the maximum value of the rights granted based on the fair value per right. If the executive does not meet the applicable performance hurdles, the minimum total value of the rights granted is nil.

4 The number of rights lapsed represents rights lapsed due to executives not meeting performance hurdles and/or rights lapsed on cessation of employment.

5 ECR rights relate to the acquisition award for Chris Ashton and Tom Honan. ECR rights relate to ECR replacement equity for Andrew Berryman and Vinayak Pai.

6 The Board has decided to treat Andrew Wood as a good leaver in respect of outstanding unvested equity. We have pro-rated his outstanding Long-term Incentive (LTI) and Deferred Equity Plan (DEP) to 30 June 2020. This was calculated by reference to the portion of the relevant performance period employed to 30 June 2020 as a proportion of the total performance period applicable to each grant. The total rights lapsed comprises rights forfeited as a result of his retirement and rights forfeited as a result of the FY2016 LTI (EPS tranche) not vesting and the FY2018 SPPR partially vesting. We will test his outstanding unvested equity against the original performance conditions and this will vest or lapse in due course at the end of the relevant vesting period.

7 We awarded rights to Adrian Smith and Karen Sobel under the Combined Performance Pay Plan (CPPP) prior to becoming KMP.

9.5 Non-Executive Director remuneration outcomes

We have set out remuneration of the NEDs for FY2020 and FY2019 below:

Table 9.5.1

NAME	YEAR	SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	
		FEES ¹ \$000	TRAVEL ALLOWANCES ² \$000	SUPERANNUATION ³ \$000	TOTAL \$000
John Grill ⁴	FY2020	501	5	19	525
	FY2019	499	10	21	530
Erich Fraunschiel ⁵	FY2020	-	-	-	-
	FY2019	63	-	7	70
Juan Suarez Coppel ⁶	FY2020	220	25	-	245
	FY2019	20	-	-	20
Thomas Gorman	FY2020	255	20	-	275
	FY2019	243	25	-	268
Christopher Haynes	FY2020	265	20	-	285
	FY2019	245	35	-	280
Roger Higgins ⁷	FY2020	206	5	9	220
	FY2019	67	10	6	83
Andrew Liveris	FY2020	210	20	20	250
	FY2019	156	10	10	176
Martin Parkinson ⁸	FY2020	70	-	6	76
	FY2019	-	-	-	-
Catherine Livingstone ⁹	FY2020	70	5	7	82
	FY2019	199	10	21	230
Anne Templeman-Jones	FY2020	221	5	20	246
	FY2019	220	10	21	251
Sharon Warburton	FY2020	207	5	14	226
	FY2019	72	10	7	89
Wang Xiao Bin	FY2020	201	10	19	230
	FY2019	199	25	21	245
Total remuneration		2,426	120	114	2,660
		FY2019	1,983	145	114
					2,242

¹ Includes fees for membership on Board Committees.

² Includes travel allowances for Board meetings up to February 2020.

³ Superannuation contributions are made on behalf of NEDs in accordance with the Company's statutory superannuation obligations.

⁴ During FY2020 and FY2019, John Grill contributed a portion of his NED fees for selected Worley senior leaders to attend a post graduate program at the University of Sydney.

⁵ Eric Fraunschiel retired on 23 October 2018.

⁶ Juan Suárez Coppel commenced on 27 May 2019.

⁷ Roger Higgins and Sharon Warburton commenced on 20 February 2019.

⁸ Martin Parkinson commenced on 24 February 2020.

⁹ Catherine Livingstone retired on 21 October 2019.

9.6 Non-Executive Director interests in shares

We have detailed NED beneficial interests in shares of the Company as at 30 June 2020 in the table below:

Table 9.6.1

NAME	TYPE	BALANCE AT 1 JULY 2019	CHANGE IN STATUS	OTHER TRANSACTIONS	BALANCE AT 30 JUNE 2020	% OF NED MINIMUM SHAREHOLDING TARGET ACHIEVED ³
John Grill	Shares	34,336,128	-	-	34,336,128	>100%
Andrew Liveris	Shares	6,870	-	-	6,870	52%
Christopher Haynes	Shares	18,922	-	-	18,922	>100%
Juan Suárez Coppel	Shares	-	-	-	-	0%
Thomas Gorman	Shares	22,684	-	6,316	29,000	>100%
Roger Higgins	Shares	14,000	-	20,000	34,000	>100%
Catherine Livingstone ¹	Shares	24,033	(24,033)	-	-	n/a
Martin Parkinson ²	Shares	-	-	14,000	14,000	83%
Anne Templeman-Jones	Shares	5,281	-	2,850	8,131	53%
Sharon Warburton	Shares	10,000	-	12,500	22,500	>100%
Wang Xiao Bin	Shares	11,000	-	-	11,000	>100%

1 Catherine Livingstone retired on 21 October 2019.

2 Martin Parkinson commenced on 24 February 2020.

3 NED MSR requires NEDs hold the equivalent of 100% of their annual fees in Worley shares. We calculate this multiplying the balance of shares held by the higher of the purchase price or the VWAP over the five trading days to 30 June 2020 (\$8.77). NEDs have 3 years from the date of appointment to meet the MSR.

This Directors' Report (including Remuneration Report) is made in accordance with a resolution of the directors.



JOHN GRILL AO

Chairman

Sydney, 26 August 2020

Statement of financial performance and other comprehensive income

For the financial year ended 30 June 2020

	NOTES	CONSOLIDATED	
		2020 \$'M	2019 RESTATED ¹ \$'M
REVENUE AND OTHER INCOME			
Professional services revenue		7,350	4,530
Procurement revenue		2,964	1,020
Construction and fabrication revenue		2,720	1,329
Other income		24	8
Interest income		10	37
Total revenue and other income	4	13,068	6,924
EXPENSES			
Professional services costs		(6,838)	(4,195)
Procurement costs		(2,880)	(992)
Construction and fabrication costs		(2,526)	(1,226)
Global support costs	3(E)	(169)	(105)
Transition, transformation and restructuring costs	5	(250)	(100)
Finance costs		(132)	(72)
Total expenses		(12,795)	(6,690)
Share of net (loss)/profit of associates accounted for using the equity method	22(C)	(6)	11
Profit before income tax expense		267	245
Income tax expense	6(A)	(79)	(81)
Profit after income tax expense		188	164
Profit after income tax expense attributable to:			
Members of Worley Limited		171	152
Non-controlling interests		17	12
Other comprehensive income			
Items that may be reclassified in future periods to the Statement of Financial Performance			
Net movement in foreign currency translation reserve		(102)	24
Net movement in hedge reserve		(2)	2
Items that will not be reclassified in future periods to the Statement of Financial Performance			
Net movement in defined benefit reserve		(4)	(5)
Total comprehensive income, net of tax		80	185
Total comprehensive income, net of tax, attributable to:			
Members of Worley Limited		60	175
Non-controlling interests		20	10
Basic earnings per share (cents)	17	32.8	36.4
Diluted earnings per share (cents)	17	32.7	36.2

The above Statement of Financial Performance and Other Comprehensive Income should be read in conjunction with the accompanying notes.

¹ Refer note 2D for detail on the restatement of FY2019 expenses to be on a consistent basis as FY2020. Total revenue, expenses and profit have not changed.

Statement of financial position

As at 30 June 2020

	NOTES	CONSOLIDATED	
		2020 \$'M	2019 RESTATED ¹ \$'M
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	7	467	457
Trade receivables	8	1,942	2,546
Procurement assets	27	324	107
Other receivables	8	257	204
Prepayments		102	142
Income tax receivable		64	34
Derivatives	19	57	28
Total current assets		3,213	3,518
<i>Non-current assets</i>			
Trade receivables	8	182	192
Intangible assets	10	6,402	6,525
Property, plant and equipment and right of use assets	28	783	462
Deferred tax assets	29(A)	322	303
Equity accounted associates	22(B)	198	213
Derivatives	19	-	42
Other non-current assets		54	51
Total non-current assets		7,941	7,788
TOTAL ASSETS		11,154	11,306
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	9	1,470	2,019
Procurement payables	27	276	72
Provisions	11	719	603
Interest bearing loans and borrowings and lease liabilities	13	626	165
Income tax payable		33	49
Derivatives	19	3	2
Total current liabilities		3,127	2,910
<i>Non-current liabilities</i>			
Trade and other payables	9	48	47
Interest bearing loans and borrowings and lease liabilities	13	1,662	1,973
Defined benefit obligations	30	65	59
Deferred tax liabilities	29(B)	184	159
Provisions	11	128	125
Total non-current liabilities		2,087	2,363
TOTAL LIABILITIES		5,214	5,273
NET ASSETS		5,940	6,033
EQUITY			
Issued capital	15	5,301	5,283
Reserves	16	(342)	(244)
Retained profits		922	959
Members of Worley Limited		5,881	5,998
Non-controlling interests		59	35
TOTAL EQUITY		5,940	6,033

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

¹ Refer note 2 (D) for detail of the restatement of comparatives due to the finalization of the ECR acquisition accounting.

Statement of changes in equity

For the financial year ended 30 June 2020

	CONSOLIDATED										
	ISSUED CAPITAL \$'M	RETAINED PROFITS \$'M	FOREIGN CURRENCY RESERVE \$'M	HEDGE RESERVE \$'M	PERFORMANCE RIGHTS RESERVE \$'M	DEFINED BENEFITS RESERVE \$'M	ACQUISITION RESERVE \$'M	MEMBERS OF THE GROUP \$'M	NON-CONTROLLING INTERESTS \$'M	TOTAL \$'M	
As at 1 July 2019 restated¹	5,283	959	(237)	7	55	(5)	(64)	5,998	35	6,033	
Profit after income tax expense	-	171	-	-	-	-	-	171	17	188	
Foreign exchange movement on translation of foreign controlled entities and associates	-	-	(86)	-	-	-	-	(86)	3	(83)	
Net investments hedged, net of tax	-	-	(19)	-	-	-	-	(19)	-	(19)	
Net loss on foreign exchange hedges, net of tax	-	-	-	(1)	-	-	-	(1)	-	(1)	
Fair value loss on mark to market of cross currency hedge, net of tax	-	-	-	(1)	-	-	-	(1)	-	(1)	
Remeasurement loss on defined benefit plans, net of tax	-	-	-	-	-	(4)	-	(4)	-	(4)	
Total comprehensive income, net of tax	-	171	(105)	(2)	-	(4)	-	60	20	80	
<i>Transactions with owners</i>											
Share based payments expense	-	-	-	-	34	-	-	34	-	34	
Transfer to issued capital on issuance of shares to satisfy performance rights	18	-	-	-	(21)	-	-	(3)	-	(3)	
Non-controlling interest on new entity	-	-	-	-	-	-	-	-	13	13	
Dividends paid	-	(208)	-	-	-	-	-	(208)	(9)	(217)	
As at 30 June 2020	5,301	922	(342)	5	68	(9)	(64)	5,881	59	5,940	
As at 30 June 2018	1,590	910	(263)	5	45	-	(63)	2,224	(11)	2,213	
Adoption of AASB 9 on 1 July 2018, net of tax	-	(4)	-	-	-	-	-	(4)	-	(4)	
As at 1 July 2018	1,590	906	(263)	5	45	-	(63)	2,220	(11)	2,209	
Profit after income tax expense	-	152	-	-	-	-	-	152	12	164	
Foreign exchange movement on translation of foreign controlled entities and associates, restated ¹	-	-	43	-	-	-	-	43	(2)	41	
Net investments hedged, net of tax	-	-	(17)	-	-	-	-	(17)	-	(17)	
Net gain on foreign exchange hedges, net of tax	-	-	-	1	-	-	-	1	-	1	
Fair value gain on mark to market of cross currency hedge, net of tax	-	-	-	1	-	-	-	1	-	1	
Remeasurement gain/loss on defined benefit plans, net of tax	-	-	-	-	-	(5)	-	(5)	-	(5)	
Total comprehensive income, net of tax	-	152	26	2	-	(5)	-	175	10	185	
<i>Transactions with owners</i>											
Issue of share capital, net of transaction costs	3,688	-	-	-	-	-	-	3,688	-	3,688	
Share based payments expense	-	-	-	-	18	-	-	18	-	18	
Share based payments issued as business combination purchase consideration	-	-	-	-	2	-	-	2	-	2	
Non-controlling interest acquired on acquisition- ¹ restated	-	-	-	-	-	-	-	-	47	47	
Transfer to issued capital on issuance of shares to satisfy performance rights	5	-	-	-	(10)	-	-	(5)	-	(5)	
Decrease in ownership of controlled entity	-	-	-	-	-	-	(1)	(1)	-	(1)	
Dividends paid	-	(99)	-	-	-	-	-	(99)	(11)	(110)	
As at 30 June 2019 restated¹	5,283	959	(237)	7	55	(5)	(64)	5,998	35	6,033	

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

¹ Refer note 2 (D) for detail of the restatement of comparatives due to the finalization of the ECR acquisition accounting.

Statement of cash flows

For the financial year ended 30 June 2020

	NOTES	CONSOLIDATED	
		2020 \$'M	2019 \$'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		13,847	6,708
Payments to suppliers and employees		(12,856)	(6,437)
		991	271
Dividends received from associates		4	8
Interest received		8	34
Finance costs paid ¹		(121)	(41)
Income taxes paid		(53)	(36)
Net cash inflow from operating activities	7	829	236
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities, net of cash acquired and other investments		(47)	(3,792)
Payments for purchase of property, plant and equipment		(38)	(12)
Payments for computer software and other intangible assets		(26)	(25)
Proceeds from disposal of investments		5	1
Proceeds from sale of property, plant and equipment		2	-
Net cash outflow from investing activities		(104)	(3,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		(4,173)	(3,096)
Proceeds from loans and borrowings		3,838	4,177
Lease liability payments ²		(147)	-
Costs of bank facilities		(11)	(19)
Net loans (to)/from related parties		(7)	3
Cash received on maturing of cross currency swap		(1)	-
Proceeds from equity raising, net of equity raising costs		-	2,846
Dividends paid to members of Worley Limited	18(B)	(208)	(99)
Dividends paid to non-controlling interests		(9)	(11)
Net cash (outflow)/inflow from financing activities		(718)	3,801
Net increase in cash		7	209
Cash and cash equivalents at the beginning of the financial year		492	278
Effects of foreign exchange rate changes on cash		(9)	5
Cash and cash equivalents at the end of the financial year	7	490	492

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

¹ Current period includes interest paid on lease liability under AASB 16 Leases.

² The current period includes lease liability payments as required under AASB 16. The modified retrospective approach was adopted, as such, prior period financial information was not restated for the AASB16 impact.

Notes to the financial statements

For the financial year ended 30 June 2020

1. CORPORATE INFORMATION

The financial report of Worley Limited (Company or parent entity) for the financial year ended 30 June 2020 was authorized for issue in accordance with a resolution of the directors on 26 August 2020.

Worley Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: WOR). Worley Limited is a for-profit entity for the purposes of preparing the financial statements.

The nature of the operations and principal activities of the Company are described in note 3 and note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

(i) Basis of preparation

This general purpose financial report has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Unless otherwise expressly stated, amounts have been rounded off to the nearest one million dollars in accordance with that Instrument. Amounts shown as 0 represent amounts less than AUD 500,000 which have been rounded down. Prior period financial information has been rounded to the nearest million for comparative purposes.

(ii) Statement of compliance

The consolidated financial report complies with International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board (IASB).

(iii) Historical cost convention

The financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The Group has not early adopted any standards or interpretations not yet effective. The potential impacts of these standards and interpretations are disclosed in note 2(A)(vii).

(iv) Critical accounting estimates

In the application of AAS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made:

- revenue recognition, refer note 4;
- credit loss allowance, refer note 8;
- goodwill and intangible assets with identifiable useful lives, refer note 10;
- project, warranty and other provisions, refer note 11;
- recovery and valuation of deferred tax assets and liabilities, refer note 29;
- defined benefit obligations, refer note 30; and
- lease extension and termination periods refer note 2(A)(v) and 2(A)(vi).

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(v) Adoption of new and amended accounting standards

Effective 1 July 2019, the Group adopted AASB 16 *Leases* (AASB 16) that superseded AASB 117 *Leases* (AASB 117) and the related interpretations. The other new and revised standards, amendments or AASB interpretations did not have any impact on the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of adoption

AASB 16 LEASES

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB 117 and related interpretations. The Group now assesses under AASB 16 whether a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone price.

The Group's vast majority of leases are properties, with an insignificant portion comprised of leased construction equipment, various types of vehicles and IT equipment. Previously, the Group classified property and asset leases mainly as operating leases under AASB 117 based on the assessment that these leases did not transfer substantially all of the risks and rewards of ownership. These leases typically have a two to five-year term. Some leases include an option to renew the lease for an additional term after the end of the non-cancellable period, which when reasonably certain to be exercised, is included in the lease term. Under AASB 16, the Group now recognizes the right of use assets (RoU) and lease liabilities for these leases. The Group has elected not to recognize RoU and lease liabilities for low value leases and short term leases; instead, the Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At transition, qualifying lease liabilities were measured at the present value of the remaining lease payments, discounted at the applicable incremental borrowing rate as at 1 July 2019. The weighted average rate applied is 3.7%. RoU is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and impairments.

The following accounting policy choices and practical expedients were applied on transition:

- Applied the exemption not to recognize RoU and lease liabilities for leases with less than 12 months lease term or leases for which the underlying asset is low value;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- Relied on the assessments of whether leases are impaired immediately before the date of initial application.

The Group presents the RoU within "Property, plant and equipment and right of use assets" as it presents underlying assets of the same nature that the Group owns. The Group presents lease liability within "Interest bearing loans and borrowings and lease liabilities" in the Statement of Financial Position. Interest on lease liabilities is presented within "Borrowing and finance costs" in the Statement of Financial Performance.

Under AASB 117, operating lease repayments formed part of operating cash flows. Effective 1 July 2019, under AASB 16 the Group classifies cash payments for lease liabilities as cash flows from financing activities (while interest portion of cash flows remains in operating activities). Short term lease, low value lease or variable lease payments and interest on lease liabilities are classified within the operating cash flows of the Group.

The modified retrospective approach has been applied on adoption. Using this approach, AASB 16 is applied with the cumulative effect of initially applying the standard recognized at the date of initial application (1 July 2019). Accordingly, the financial information presented in the annual financial report for the period ended 30 June 2019, has not been restated and is presented under AASB 117 *Leases* and related interpretations.

The accounting policies applicable to the Group as a lessor are not different from those under AASB 117; as such, the Group did not make any adjustments on transition to AASB 16 for leases in which it acts as a lessor other than in instances where the Group subleases some of its properties. Under AASB 117, the head lease and sublease contracts were classified as operating leases. On transition to AASB 16, the RoU recognized from the head leases are presented in "Property, plant and equipment and right of use assets", and measured in accordance with the transition rules of AASB 16. The sublease contracts where the Group acts as an intermediary (i.e. is a lessee and a lessor at the same time) are classified as finance leases if their lease term substantially correlates with the lease term of the head lease that is not a short term lease. Other subleases are classified as operating leases. The Group's activities as a lessor are not considered significant. The effect of the adoption on 1 July 2019 on the Statement of Financial Position is as follows:

	30 JUNE 2019 (PRE RESTATEMENT - NOTE 2(D))	AASB 16 ADOPTION IMPACT \$'M	POST ADOPTION 1 JULY 2019 \$'M
ASSETS			
<i>Current assets</i>			
Other receivables	219	6	225
Prepayments	161	(15)	146
<i>Non-current assets</i>			
Property, plant and equipment and right of use assets	551	407	958
Other non-current assets	49	11	60
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	1,884	(14)	1,870
Provisions	599	(15)	584
Interest bearing loans and borrowings and lease liabilities	165	138	303
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings and lease liabilities	1,973	323	2,296
Provisions	124	(23)	101

Changes per Financial Statement of Financial Position totals:

Total current assets	3,680	(9)	3,671
Total non-current assets	7,366	418	7,784
TOTAL ASSETS	11,046	409	11,455
Total current liabilities	2,732	109	2,841
Total non-current liabilities	2,296	300	2,596
TOTAL LIABILITIES	5,028	409	5,437
NET ASSETS	6,018	-	6,018

The following is a reconciliation of the operating lease commitments as disclosed in the 30 June 2019 annual financial report to the lease liability recognized at 1 July 2019 (adoption date):

	\$M
Operating lease commitments as at 30 June 2019	499
Impact of discounting using the incremental borrowing rate at 1 July 2019	(53)
Extension options reasonably certain to be exercised	4
Other	11
Lease liability recognized at 1 July 2019	461

(vi) Changes in accounting policies on adoption of the new accounting standards

The Group defines a lease as a contract, or part of a contract, that conveys the right to control the use of an asset (the underlying asset) for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone price.

As a lessee, the Group uses a single model for all incoming rentals and, at lease commencement date, recognizes a RoU representing the Group's right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

At the lease commencement date, the lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that cannot be readily determined, the applicable incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. It is remeasured when there is a change in future lease payments arising from changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised, and under some other special circumstances. The Group applies judgment to determine the lease term for some leases in which it is a lessee that include renewal options.

At the lease commencement date, the RoU is measured as equal to the corresponding lease liability, adjusted for lease incentives, initial direct costs and other required items. The RoU is subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for certain remeasurement of the lease liability. RoU assets are depreciated over the lease term. RoU assets are assessed for impairment when impairment indicators exist. RoU assets are tested for impairment on a stand-alone basis if the RoU generates largely independent cash flows and at a cash generating unit level if the cash flows are not largely independent.

Non-lease components, low value lease, short term lease and variable lease payments are recognized in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Group classifies principal cash payments for lease liabilities as financing activities. Interest, short-term lease, low value lease or variable lease payments are classified within the operating cash flows of the Group.

(vii) New accounting standards not yet applicable

Effective 1 July 2020:

Conceptual Framework for Financial Reporting and related amendments

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities. The framework clarifies some important concepts, including objectives of financial reporting, qualitative characteristics of financial information, measurement, presentation and disclosures.

The changes to the Conceptual Framework may affect the application of AASB in situations where no standard applies to a particular transaction or event. This is unlikely to have a material impact on the Group.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendment is unlikely to have an impact on the Group.

Definition of a Business - Amendments to AASB 3 Business Combinations

The standard amends the definition of a business in AASB 3 Business Combinations (AASB 3). The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

As the amendments apply prospectively to transactions or other events that occur on or after the date of first application, there is no impact to the Group on transition.

Interest Rate Benchmark Reform - Amendments to AASB 9, AASB 139 and AASB 7

These amendments were issued in response to the effects of Interbank Offered Rates reform on financial reporting and provide mandatory temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

This amendment is unlikely to have an impact on the Group.

Effective 1 July 2023

Classification of Liabilities as Current or Non-Current - Amendments to AASB 101 Presentation of Financial Statements

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Although the Group has not fully assessed the impact of the amendments, it is unlikely to have a material impact on the Group.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Worley Limited as at 30 June 2020 and the results of all controlled entities for the financial year then ended. Worley Limited and its controlled entities together are referred to in this financial report as the consolidated entity or Group. Investments in associates are equity accounted and are not part of the consolidated entity (refer note 22).

The impact of all transactions between entities in the consolidated entity is eliminated. Non-controlling interests in the results and equity of controlled entities are shown separately in the Statement of Financial Performance and Other Comprehensive Income and Statement of Financial Position.

Non-controlling interests not held by the Company are allocated their share of net profit after tax in the Statement of Financial Performance and of total comprehensive income net of tax in the Statement of Comprehensive Income, and are presented within equity in the Statement of Financial Position, separately from the equity of members of Worley Limited.

(C) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's presentation currency.

Translation of foreign currency transactions

Transactions denominated in a foreign currency are converted at the foreign exchange rate at the date of the transaction. Foreign currency denominated receivables and payables at balance date are translated at foreign exchange rates at balance date. Foreign exchange gains and losses are brought to account in determining the profit and loss for the financial year.

(D) RESTATEMENT OF COMPARATIVES

On 26 April 2019 the acquisition of the ECR division from Jacobs Engineering Group Inc was completed. As disclosed in the 30 June 2019 annual financial report, the fair values of the acquisition balances were provisional as at 30 June 2019. The review of assets and liabilities acquired was completed in the reporting period. As a result, the final fair values of balances acquired as at 26 April 2019 resulted in differences to the previously disclosed provisional amounts.

In accordance with AASB 3 Business Combinations (AASB 3) the provisional fair values of assets and liabilities acquired are retrospectively adjusted to reflect information obtained during the measurement period that existed at acquisition date.

The changes per Statement of Financial Position category are shown below. There are no changes to the Statement of Financial Performance and Other Comprehensive Income or the Statement of Cash Flows from the 30 June 2019 disclosed amounts, nor the basic or diluted earnings per share.

	30 JUNE 2019 \$'M	PPA ADJUSTMENT \$'M	30 JUNE 2019 RESTATED \$'M
ASSETS			
<i>Current assets</i>			
Trade receivables	2,672	(139)	2,533
Other receivables	219	(11)	208
Prepayments	161	15	176
Income tax receivable	36	(2)	34
<i>Non-current assets</i>			
Intangible assets	6,118	408	6,526
Property, plant and equipment and RoU assets	551	(90)	461
Deferred tax assets	241	15	256
Equity accounted associates	173	40	213
Other non-current assets	49	3	52
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	1,884	161	2,045
Provisions	599	4	603
Income tax payable	10	39	49
<i>Non-current liabilities</i>			
Defined benefit obligations	42	17	59
Deferred tax liabilities	110	2	112
Provisions	124	1	125
EQUITY			
Reserves	(267)	24	(243)
Non-controlling interests	44	(9)	35
<i>Changes per Statement of Financial Position totals:</i>			
Total current assets	3,680	(137)	3,543
Total non-current assets	7,366	376	7,742
TOTAL ASSETS	11,046	239	11,285
Total current liabilities	2,732	204	2,936
Total non-current liabilities	2,296	20	2,316
TOTAL LIABILITIES	5,028	224	5,252
NET ASSETS	6,018	15	6,033
NET EQUITY	6,018	15	6,033

The Group has allocated certain global support costs into the segment result in the current period. Prior period professional services costs, construction and fabrication costs and global support costs were restated for comparative purposes. Total expenses on the Statement of Financial Performance and Other Comprehensive Income have not changed. The segment note comparatives were also restated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(E) OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarize the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes. Where required, the prior year balances were restated for comparative purposes.

3. SEGMENT INFORMATION

There have been no changes to the reportable segments from those reported in the 30 June 2019 annual financial report. The Group has applied additional information segmented according to its customer sector groups. The Group has restated prior year segment information for changes in global support cost allocations as described in note 2(D).

(A) OPERATING SEGMENTS

	ENERGY AND CHEMICAL SERVICES		MINING, MINERALS AND METAL SERVICES		MAJOR PROJECTS AND INTEGRATED SOLUTIONS		ADVISIAN		TOTAL	
	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M
Professional services revenue	4,524	2,579	806	273	1,864	1,312	549	521	7,743	4,685
Construction and fabrication revenue	167	53	16	9	2,537	1,267	-	-	2,720	1,329
Procurement revenue at margin	249	215	362	4	139	165	24	33	774	417
Other income	12	8	-	-	-	-	-	-	12	8
Total segment revenue¹	4,952	2,855	1,184	286	4,540	2,744	573	554	11,249	6,439
<i>Segment result²</i>	492	252	60	26	332	217	37	33	921	528
<i>Segment margin</i>	9.9%	8.8%	5.1%	9.1%	7.3%	7.9%	6.5%	6.0%	8.2%	8.2%
<i>Other segment information</i>										
Depreciation and amortization expense ³	173	33	15	4	30	24	13	5	231	66
Share of net profits of associates accounted for using the equity method ³	2	9	1	1	4	1	(2)	-	5	11
Carrying value of equity accounted associates, restated	9	68	118	128	65	14	6	3	198	213
Purchase of non-current assets	28	16	7	2	26	16	3	3	64	37

(B) CUSTOMER SECTOR GROUPS

	ENERGY		CHEMICALS		RESOURCES		TOTAL	
	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M	2020 \$'M	2019 \$'M
Professional services revenue	3,314	3,101	3,551	1,065	878	519	7,743	4,685
Construction and fabrication revenue	1,652	1,062	814	171	254	96	2,720	1,329
Procurement revenue at margin	324	309	160	90	290	18	774	417
Other income	12	8	-	-	-	-	12	8
Total segment revenue	5,302	4,480	4,525	1,326	1,422	633	11,249	6,439
<i>Segment result</i>	391	404	446	84	84	40	921	528
<i>Segment margin</i>	7.4%	9.0%	9.9%	6.3%	5.9%	6.3%	8.2%	8.2%

¹ Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, pass-through revenue at nil margin, certain government subsidies and interest income. The Directors of Worley Limited believe the disclosure of the relevant share of revenue from associates provides additional information in relation to the financial performance of Worley Limited Group.

² Segment result is segment revenue less segment expenses and excludes the items listed in note 3(H). It is the key financial measure that is presented to the chief operating decision makers.

³ Excludes amortization on acquired intangible assets and impairments but includes amortization of leased right of use assets.

SEGMENT INFORMATION (CONTINUED)

(C) RECONCILIATION OF SEGMENT REVENUE TO TOTAL REVENUE AND OTHER INCOME PER THE STATEMENT OF FINANCIAL PERFORMANCE

	TOTAL	2020 \$'M	2019 \$'M
Segment revenue		11,249	6,439
Certain one off other income items		7	-
Impact of the arbitration award ¹		3	(9)
Gain on sale of investment		2	-
Procurement revenue at nil margin (including share of revenue from associates) ²		2,190	608
Pass-through revenue at nil margin ³		-	32
Share of revenue from associates ⁴		(393)	(183)
Interest income		10	37
Total revenue and other income per the Statement of Financial Performance		13,068	6,924

(D) RECONCILIATION OF SEGMENT RESULT TO PROFIT AFTER INCOME TAX EXPENSE PER THE STATEMENT OF FINANCIAL PERFORMANCE

	TOTAL	2020 \$'M	2019 \$'M
Segment result		921	528
Global support costs		(169)	(109)
Interest and tax for associates		(9)	(6)
Total underlying earnings before interest, tax and amortization of intangibles acquired through business combinations (underlying EBITA)		743	413
Total underlying EBITA margin on aggregated revenue for the Group		6.6%	6.4%
<i>Impact of acquisitions:</i>			
Acquisition costs		-	(51)
Transition costs		(147)	(35)
Other ⁵		-	(10)
<i>Impact of transformation and restructuring:</i>			
Payroll restructuring		(41)	-
Impairment of property assets		(51)	-
Onerous contracts and other costs		(29)	-
Government subsidies, net of direct costs ⁶		18	-
Certain one off other income items		7	-
Impact of the arbitration award ¹		3	(9)
Gain on sale of investment		2	-
Impairment of investment in equity accounted associates		(7)	-
Total EBITA		498	308
EBITA margin on aggregated revenue for the Group		4.4%	4.8%
Amortization of acquired intangible assets		(109)	(28)
Net finance costs ⁷		(122)	(62)
Interest on term deposits, net of capitalized costs write off		-	27
Income tax expense		(79)	(81)
Profit after income tax expense per the Statement of Financial Performance		188	164

¹ Increase/(reduction) in revenue from an arbitration award in relation to a dispute with a state owned enterprise.

² FY2019 ECR procurement revenue is disclosed as at nil margin.

³ Pass-through revenue at nil margin refers to sub-contract packages for services or materials where the Group does not receive a margin.

⁴ Calculated on aggregate revenue basis.

⁵ FY2019 includes onerous lease contracts and bridging facility fee offset by foreign exchange gains on term deposits.

⁶ \$40m income was recognized from government subsidies in relation to the COVID-19 pandemic in Canada, the UK and Singapore. These grants were provided as payroll assistance. As such in accordance with the Group's accounting policy, this income was offset with \$22m payroll costs resulting in a net \$18m gain recognized. \$20m of government subsidies was received in cash in the current reporting period.

⁷ In FY2019 net finance costs exclude interest income on term deposits, net of capitalized costs write off due to one-off nature of such items. FY2020 includes AASB 16 interest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(E) RECONCILIATION OF GLOBAL SUPPORT COSTS TO THE STATEMENT OF FINANCIAL PERFORMANCE

	2020 \$'M	2019 \$'M	TOTAL
Global support costs per segment information ¹			169
Foreign exchange gain on term deposits		-	(4)
Global support costs per the Statement of Financial Performance			169
			105

(F) GEOGRAPHIC SEGMENTS²

	ADD: AGGREGATED REVENUE \$'M	ADD: REVENUE AT NIL MARGIN \$'M	LESS: SHARE OF REVENUE FROM ASSOCIATES \$'M	LESS: OTHER INCOME \$'M	TOTAL REVENUE FROM EXTERNAL CUSTOMERS \$'M
REVENUE FROM EXTERNAL CUSTOMERS ³ 2020					
Australia, Pacific, Asia and China	1,944	144	-	(147)	(9)
Europe, Middle East and Africa	3,815	243	-	(211)	-
United States of America	2,947	-	-	-	(3)
Other Americas	2,543	1,803	-	(35)	-
Total	11,249	2,190	-	(393)	(12)
Other income per Segment					12
Adjustments excluded from the underlying results					12
Interest income					10
Total revenue and other income per the Statement of Financial Performance					13,068
	ADD: AGGREGATED REVENUE \$'M	ADD: REVENUE AT NIL MARGIN \$'M	LESS: SHARE OF REVENUE FROM ASSOCIATES \$'M	LESS: OTHER INCOME \$'M	TOTAL REVENUE FROM EXTERNAL CUSTOMERS \$'M
2019					
Australia, Pacific, Asia and China	1,347	18	-	(123)	-
Europe, Middle East and Africa	2,656	164	24	(24)	(4)
United States of America	1,094	278	-	(36)	(4)
Other Americas	1,342	147	-	-	-
Total	6,439	607	24	(183)	(8)
Other income per Segment					8
Interest income					37
Total revenue and other income per the Statement of Financial Performance					6,924

	2020 \$'M	2019 RESTATED \$'M
Non-current assets by geographical location: ⁴		
Australia, Pacific, Asia and China	213	194
Europe, Middle East and Africa	396	347
United States of America	1,408	1,284
Other Americas	180	171
Non-current assets by geographical location	2,197	1,996

¹ Excludes all transition, transformation and restructuring costs.

² Geographic locations are presented across all business lines. This is different to the internal reports presented to the chief operating decision makers.

³ Revenue is attributed to the geographic location based on the entity providing the services.

⁴ Excludes goodwill, deferred tax assets and derivative financial instruments.

3. SEGMENT INFORMATION (CONTINUED)

(G) IDENTIFICATION OF REPORTABLE SEGMENTS

The Group's operating model consists of the following four lines of business for the financial year ended 30 June 2020, remaining unchanged from the prior year segments:

- Energy & Chemical Services;
- Mining, Minerals & Metal Services;
- Major Projects & Integrated Solutions; and
- Advisian.

(H) ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis and are eliminated on consolidation.

The accounting policies used by the Group in reporting segments internally are the same as those contained in these financial statements and are consistent with those in the prior period.

The segment result includes the allocation of overhead that can be directly attributed to an individual business segment. The following items and associated assets and liabilities are not allocated to segments as they are not considered part of the core operations of any segment:

- global support costs;
- interest and tax for associates;
- amortization of acquired intangible assets;
- transition and acquisition costs;
- other gains and losses as described in note 3(D);
- income tax expense as required on the above items; and
- tax from changes in tax legislation.

(I) MAJOR CUSTOMERS

The most significant customer accounted for 6.5% (2019: 7.7%) of aggregated revenue and is predominantly within the Energy & Chemical Services and Major Projects & Integrated Solutions lines of business and is in all customer sector groups (2019: Energy and the Chemicals customer sector groups).

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
4. REVENUE AND OTHER INCOME		
Professional services revenue	7,350	4,530
Procurement revenue	2,964	1,020
Construction and fabrication revenue	2,720	1,329
Interest income	10	37
Revenue	13,044	6,916
Other income	24	8
Total revenue and other income	13,068	6,924

The amount of revenue recognized in the financial year 2020 from performance obligations satisfied (or partially satisfied) in previous periods is \$11 million (2019: \$3 million) and is mainly due to the changes in the estimate of the stage of completion.

In addition to billings in advance balances, \$403 million (2019: \$887 million) of revenue (lump sum projects with an expected duration of one year or more) is expected to be recognized in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

RECOGNITION AND MEASUREMENT

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized and disclosed net of trade allowances, duties and taxes paid.

The Group utilizes a five-step approach to revenue recognition which requires the Group to identify contracts and performance obligations, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

The Group exercises judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with its customers.

The Group's main revenue streams are as follows:

- Professional services revenue
- The Group performs engineering design and project delivery services. These activities are usually highly integrated and accordingly where appropriate are accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customized nature of the services provided. Consequently, the Group recognizes revenue for these service contracts over time. Payment terms depend on the contracts specifics and usually are within 30 to 60 days term.
- Construction and fabrication revenue
- The Group performs construction and fabrication services. These activities are highly integrated and accordingly where appropriate are accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customized nature of the services provided. Consequently, the Group recognizes revenue for these construction contracts over time. Payment terms are usually based on milestones achieved and are within 30 to 60 days from the date of the invoice.
- Procurement revenue
- Procurement revenue represents services from entering into contracts with customers to acquire, on their behalf, equipment produced by various suppliers and/or services provided by different subcontractors. The Group executes procurement services as a principal and as an agent. Where the Group controls the promised goods or services before transferring them to the customer, the Group is a principal and records revenue and costs on a gross basis. If the Group does not control the promised goods and services before transferring to the customer, i.e. the Group's role is to arrange for another entity to provide the goods or services, then the Group is an agent and records revenue and costs at the net amount that it retains for its agency services (margin). The performance obligation is satisfied over time and payment is usually due upon receipt of the equipment by the customer or as subcontractor services are performed, depending on the terms of the contract. Payment terms are usually within 30 to 60 days.

The Group measures revenue on the basis of the effort expended relative to the total expected effort to complete the service. Revenue on reimbursable contracts is recognized in the same period as the associated costs based on agreed rates in accordance with the timing of work performed as it reflects the expected effort to fulfil the performance obligation. For lump sum contracts the Group considers the terms of the contract, internal models and other sources when estimating the projected total cost and the stage of completion. The percentage of completion is estimated by qualified professionals within the project teams. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change.

Variable consideration, including performance incentives, is recognized from the outset of the contract but only to the extent that it is highly probable that a significant revenue reversal will not occur. This estimate takes into account the facts and circumstances of each individual contract and historical experience and is reassessed throughout the life of the contract.

The Group provides assurance warranties for general rework which are accounted for in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

Government grants

Government grants are recognized under the requirements of AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Government grants are only recognized where there is reasonable assurance that the conditions attached will be complied with and the grant will be received. Government grants are recognized in profit and loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants are recognized immediately in profit and loss if a receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no further related costs. Government grants are recorded against the related expense in the Statement of Financial Performance and Other Comprehensive Income. Government grants in relation to COVID-19 in FY2020 are excluded from the underlying results.

Interest

Interest income is recognized as it accrues using the effective interest rate method including interest income on subleases that are classified as finance leases under AASB 16.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

Contract costs

Costs to obtain or fulfil a contract (contract costs) include all costs directly related to specific contracts that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's activities in general. The Group's contract costs are expensed as incurred unless they are allowed for capitalization under the accounting standards.

5. EXPENSES AND LOSSES/(GAINS)

Profit before income tax expense includes the following specific expenses and losses/(gains):

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
EXPENSES AND LOSSES		
Short term employee benefits	5,394	3,901
Post-employment benefits	185	98
Share based payments	34	18
Total staff costs	5,613	4,017
<i>Impact of acquisitions:</i>		
Acquisition costs	-	51
Transition costs	147	35
Other	-	14
<i>Impact of transformation and restructuring:</i>		
Payroll restructuring	41	-
Impairment of property assets	51	-
Onerous contracts and other costs	29	-
Government subsidies, net of direct costs	(18)	-
Total transition, transformation and restructuring costs	250	100
Operating lease rentals- minimum lease payments	n/a	167
EXPENSES AND LOSSES		
Short term, low-value and variable leases expense	53	n/a
Amortization of intangible assets and leasehold improvements	310	70
Depreciation	61	23
MOVEMENTS IN PROVISIONS¹		
Employee benefits	300	209
Insurance	9	10
Onerous contracts	19	(6)
Warranty	11	5
Project losses and other	34	31

RECOGNITION AND MEASUREMENT

Employee benefits

Employee benefits expenses are charged against profit on a net basis in their respective categories.

(i) Share based payments – equity and cash settled rights

Equity rights (rights) over the ordinary shares of Worley Limited are granted to executive directors and other executives of the consolidated entity for nil consideration in accordance with performance guidelines approved by the Board. The fair value of the rights are amortized on a straight line basis over their performance period. For share settled rights, the fair value of the rights is the share price at grant date adjusted for the impact of performance hurdles and other vesting or exercise criteria attached to the right. For cash settled rights, the fair value of the rights is recalculated at the end of each reporting period and amortized on a straight line basis over their vesting period. The accounting estimates and assumptions relating to equity settled rights would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Fair value per right at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-traded nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. This amount represents the actual cost to the Company. A Monte Carlo simulation is applied to fair value the TSR component, strategic hurdle rights and the SPPRs. For the EPS, EBIT and "continuous employment" condition, the Black-Scholes model is utilized. Total fair value at grant date is calculated by multiplying the fair value per right by the number of rights granted. This does not represent the actual value the executive will derive from the grant, which will depend on the achievement of performance hurdles measured over the vesting period. The maximum value of the rights granted has been estimated based on the fair value per right. The minimum total value of the rights granted, if the applicable performance hurdles are not met, is nil.

¹ Excludes amounts utilized.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except when they are included in the costs of qualifying assets. Borrowing costs include:

- interest on bank overdrafts, and short term and long term loans and borrowings;
- amortization of discounts or premiums relating to loans and borrowings and non-current payables; and
- interest on lease liabilities.

Depreciation and amortization

Property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. The expected useful lives for plant and equipment range from three to 10 years and buildings range from 30 to 40 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The cost of improvements to or on leasehold properties is amortized over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

Identifiable intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset with a finite useful life is reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortization period. The amortization expense on intangible assets with finite lives is recognized in the Statement of Financial Performance on a straight line basis over the following periods:

- | | |
|--|--------------|
| • customer contracts and relationships | 3-15 years; |
| • trade names | 5-20 years; |
| • computer software | 7 years; and |
| • other | 3-10 years. |

Goods and services tax (GST)

Expenses are recognized net of the amount of GST except where the GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognized as part of the expense.

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
6. INCOME TAX		
(A) INCOME TAX EXPENSE		
Current tax	67	85
Deferred tax	1	3
Under/(over) provision in previous financial periods	11	(7)
Income tax expense	79	81
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(20)	17
Increase/(decrease) in deferred tax liabilities	21	(14)
Deferred tax	1	3

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
(B) RECONCILIATION OF PRIMA FACIE TAX PAYABLE TO INCOME TAX EXPENSE		
Profit before income tax expense	267	245
Prima facie tax expense at Worley Limited's statutory income tax rate of 30% (2019: 30%)	80	74
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible share based payments expense	11	5
Non-deductible impairment of associates	2	-
Share of net profits of associates accounted for using the equity method	2	(3)
Tax losses not previously recognized	(2)	-
Under/(over) provision in previous financial periods	11	(7)
Non-deductible costs from acquisitions	-	12
Write off of deferred tax asset due to acquisition	-	14
Tax expense in relation to changes in tax legislation	1	3
Difference in overseas tax rates and other	(26)	(17)
Income tax expense	79	81

(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

Aggregate amount of tax arising in the reporting period and not recognized in profit after income tax expense but directly credited to equity:

Deferred tax - credited/(debited) directly to equity	6	(2)
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(D) TAX LOSSES

The Group has tax losses for which no deferred tax asset is recognized on the Statement of Financial Position:

Unused tax losses for which no deferred tax asset has been recognized	181	191
Potential tax benefit at 30%	54	57

The benefit for tax losses will only be recognized if:

- the relevant tax entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realized; or
- the losses are transferred to an eligible entity in the relevant tax entity; and
- the relevant tax entity continues to comply with conditions for deductibility imposed by tax legislation; and
- no changes in legislation adversely affect the relevant entity in realizing the benefit from the deductions for the losses.

RECOGNITION AND MEASUREMENT

Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities as well as any adjustments required between prior periods' current tax expense and income tax returns and any relevant withholding taxes.

Current and deferred tax amounts relating to items recognized directly in equity are recognized in equity and not in the Statement of Financial Performance.

Tax consolidation

Worley Limited and its wholly owned Australian entities elected to form a tax consolidated group from 1 July 2003. On formation of the tax consolidated group, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Worley Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Worley Limited for any current tax liability assumed and are compensated by Worley Limited for any current tax loss, deferred tax assets and tax credits that are transferred to Worley Limited under the tax consolidation legislation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	NOTES	2020 \$'M	2019 \$'M	CONSOLIDATED
7. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents per Statement of Financial Position		467	457	
Procurement cash and cash equivalents	27	23	37	
Cash at bank and on hand		490	494	
Less: bank overdraft	13	-	(2)	
Balance per the Statement of Cash Flows		490	492	
Reconciliation of profit after income tax expense to net cash inflow from operating activities:				
Profit after income tax expense		188	164	
<i>NON-CASH ITEMS</i>				
Amortization		310	70	
Depreciation		61	23	
Impairments		51	-	
Share based payments expense		34	18	
Doubtful debts expense		14	9	
Share of associates' dividends received in excess of share of profits		(4)	(3)	
Impairment of investments in equity accounted associates		7	-	
Write-down of capitalized borrowing costs		-	3	
Other		3	3	
Cash flow adjusted for non-cash items		664	287	
<i>CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES</i>				
Decrease/(increase) in trade and other receivables		351	(283)	
Decrease/(increase) in prepayments and other assets		37	(15)	
(Decrease)/increase in deferred tax assets		(19)	13	
Decrease/(increase) in income tax receivable		(30)	(18)	
(Decrease)/increase in trade and other payables		(437)	238	
Increase/(decrease) in billings in advance		103	(2)	
Decrease in income tax payable		16	4	
(Increase)/decrease in deferred tax liabilities		25	(12)	
Decrease in provisions		119	24	
Net cash inflow from operating activities		829	236	
RECOGNITION AND MEASUREMENT				
Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.				
For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings and lease liabilities in current liabilities in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as an operating cash flow.				
Where cash and cash equivalents held by the Group are subject to external restrictions, the nature of the restrictions and value of cash subject to these restrictions are disclosed below.				
PROCUREMENT AND RESTRICTED CASH AND CASH EQUIVALENTS				
Cash and cash equivalents include restricted cash that is available for use under certain circumstances by the Group of \$5 million (2019: \$4 million). Included within procurement assets are cash and cash equivalents of \$23 million (2019: \$37 million).				
Procurement cash is held in relation to procurement activities undertaken by the Group on behalf of its customers (refer note 27). Restricted cash is held in relation to guarantees (refer note 25(A)) and financing activities.				

	CONSOLIDATED	2020 \$M	2019 RESTATED \$M
	NOTES		
8. TRADE AND OTHER RECEIVABLES			
<i>CURRENT TRADE RECEIVABLES</i>			
Trade receivables		1,271	1,439
Unbilled contract revenue		934	1,162
Retentions		77	55
Allowance for impairment of trade receivables ¹		(39)	(40)
Less: procurement trade and other receivables	27	(301)	(70)
		1,942	2,546
Movement in impairment allowance in respect of trade receivables and contract assets during the year was as follows:			
Balance at the beginning of the financial year		40	45
Additional recognition of the expected credit loss allowance on adoption of AASB 9 on 1 July 2018		-	5
Balance at beginning of the financial year as calculated under AASB 9		40	50
Additions through business combinations		-	5
Net remeasurement of loss allowance		4	9
Amounts written off against the opening allowance		(7)	(11)
Reclassification to non-current		-	(15)
Differences arising on translation of foreign operations		2	2
Balance at the end of the financial year		39	40
<i>NON-CURRENT TRADE RECEIVABLES²</i>			
Trade receivables		133	133
Unbilled contract revenue		74	74
Allowance for impairment of trade receivables		(25)	(15)
		182	192
<i>OTHER RECEIVABLES</i>			
Other receivables		201	156
Amounts receivable from associates and related parties	31(B)	56	48
		257	204
Significant movements in unbilled contract revenue are primarily due to normal trading activity. In FY2019, the primary movement was due to the ECR business combination and a portion of trade receivables and unbilled contract revenue was reclassified to non-current. ²			
<i>SIGNIFICANT MOVEMENTS IN IMPAIRMENT ALLOWANCE</i>			
There have been no significant movements in the impairment allowance.			
<i>RECOGNITION AND MEASUREMENT</i>			
A trade receivable is recognized when the goods and services are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Trade receivables are generally on terms of 30 to 60 days. Receivables are stated with the amount of GST included.			
Unbilled contract revenue is initially recognized when the Group provides services or procures goods for a customer before the customer pays consideration or before a payment is due. Unbilled contract revenue represents the Group's contract assets at the reporting date. These assets are reclassified to trade receivables when the customer is billed as stipulated in the contract, i.e. when the rights to consideration become unconditional. Unbilled contract revenue is stated at the aggregate of contract costs incurred to date plus recognized profits less recognized losses and progress billings.			
Trade and other receivables are measured at amortized cost as they are held to collect contractual cash flows that consist solely of payments of principals and interest on the principal amounts outstanding. At initial recognition, the Group measures trade and other receivables at transaction value with subsequent measurement at amortized cost.			
An allowance for impairment is made when there is objective evidence that the Group will not be able to collect debts. The recoverable amount of trade and other receivables is reviewed on an ongoing basis. The Group also assesses on a forward looking basis the expected credit losses associated with its trade and other receivables carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and unbilled contract revenue, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. This assessment was done at 30 June 2020 and the respective increase in provision due to current economic conditions (including the COVID-19 pandemic impacts) has been recognized as at 30 June 2020.			

¹ Allowance for impairment of trade receivables has been netted off against the gross receivable position where it is unlikely that recovery will be received. The prior year comparative has been restated.

² Non-current trade receivables and unbilled contract revenue relate to projects where recovery is expected to take greater than twelve months and \$48m of non-current payables as at 30 June 2020 relate to these non-current trade receivables and unbilled contract revenue (30 June 2019: \$47m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		CONSOLIDATED	
	NOTES	2020 \$'M	2019 RESTATED \$'M
9. TRADE AND OTHER PAYABLES			
CURRENT			
Trade payables		700	868
Accruals		414	578
Amounts payable to associates and related parties	31(B)	-	13
Billings in advance		402	335
Accrued staff costs		230	296
Other payables		-	1
Less: procurement trade and other payables	27	(276)	(72)
		1,470	2,019
NON-CURRENT			
Trade payables ¹		48	47
		48	47
Significant movements in unbilled contract revenue are primarily due to normal trading activity. In FY2019, the primary movement was due to the ECR business combination and a portion of trade payables was reclassified to non-current ¹ .			
The Group's exposure to currency and interest rate risk for trade and other payables is disclosed in note 19.			
RECOGNITION AND MEASUREMENT			
Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Payables are stated with the amount of GST included.			
Billings in advance or unearned revenue represent the Group's obligation to transfer goods or services to a customer for which the Group has billed the customer or received advance consideration from the customer. Billings in advance are recognized as revenue when the Group performs under the contract. Billings in advance are classified as measured at amortized cost subsequently to their initial recognition at fair value.			
		CONSOLIDATED	
	NOTES	2020 \$'M	2019 RESTATED \$'M
10. INTANGIBLE ASSETS			
<i>Goodwill</i>			
At cost		5,622	5,647
Accumulated impairment		(200)	(200)
		5,422	5,447
<i>Customer contracts and relationships</i>			
At cost		884	906
Accumulated amortization		(118)	(45)
		766	861
<i>Trade names</i>			
At cost		36	36
Accumulated amortization		(33)	(31)
		3	5
<i>Computer software</i>			
At cost		556	522
Accumulated amortization		(385)	(343)
		171	179
<i>Other</i>			
At cost		65	54
Accumulated amortization		(25)	(21)
		40	33
Total intangible assets		6,402	6,525

¹ Non-current payables of \$48m (2019: \$47m) relate to non-current trade receivables and unbilled contract revenue on projects where recovery is expected to take greater than twelve months as disclosed in note 8.

RECONCILIATIONS

Reconciliations of intangible assets at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED					
	CUSTOMER CONTRACTS AND RELATIONSHIPS \$'M		TRADE NAMES \$'M	COMPUTER SOFTWARE \$'M	OTHER \$'M	TOTAL \$'M
Balance at 1 July 2019 restated	5,447	861	5	179	33	6,525
Additions through business combinations	31	-	-	-	-	31
Additions	-	-	-	30	10	40
Amortization	-	(98)	(2)	(37)	(3)	(140)
Differences arising on translation of foreign operations	(56)	3	-	(1)	-	(54)
Balance at 30 June 2020	5,422	766	3	171	40	6,402
Balance at 1 July 2018	2,068	67	7	130	11	2,283
Additions through business combinations restated	3,265	814	-	66	13	4,158
Additions	-	-	-	17	10	27
Amortization	-	(24)	(2)	(34)	(1)	(61)
Differences arising on translation of foreign operations	114	4	-	-	-	118
Balance at 30 June 2019 restated	5,447	861	5	179	33	6,525

RECOGNITION AND MEASUREMENT

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in controlled entities or associates. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates is included in investments in associates. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Identifiable intangible assets

Intangible assets acquired separately or in a business combination have finite useful lives and are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is recognized in the profit and loss in the year in which the expenditure is incurred.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognized only when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment of assets

Goodwill is not amortized; instead, it is tested annually, unless impairment is indicated. Goodwill is carried at cost less accumulated impairment.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units (CGUs) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of CGUs.

Impairment is determined by assessing the recoverable amount of the groups of CGUs to which the goodwill relates. The recoverable value of each CGU is estimated based on its value in use, consistent with prior periods. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognized. Where certain assets cease to be a part of a CGU (including but not limited to rights of use assets), they are tested for impairment individually and where required are written down to their recoverable value.

Impairment losses recognized for goodwill are not subsequently reversed. Impairment losses recognized for right of use assets can be subsequently reversed where it is supported by the recoverable value amount.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Impairment testing value in use calculations use cash flow projections based on financial forecasts of how the business is expected to perform consistent with current and historical experience and external data. The estimation of future cash flows requires assumptions to be made regarding future uncertain events. The risk adjusted revenue growth rates for the CGUs range from 3% to 5% for the first five years. Transition of the world's energy systems and sustainability forms part of our strategy and these have been considered in the market data utilized to assess the growth rates for each CGU. A risk premium is included in determining each CGU's discount rate, reflecting the level of forecasting, size, country and financing risks for that CGU.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

KEY ESTIMATES

The purchase price allocation of ECR was completed in FY2020 (provisional as at 30 June 2019) and as such the allocation by CGUs has been completed. The opening goodwill balances were restated in relation to this and are presented below. The CGUs remain consistent with that as at 30 June 2019.

2020	ENERGY & CHEMICAL RESOURCES	MINING, MINERALS AND METAL SERVICES	MAJOR PROJECTS & INTEGRATED SOLUTIONS	ADVISIAN \$'M
	\$'M	\$'M	\$'M	
Opening balance, restated	2,961	246	1,938	302
Closing balance	2,947	244	1,930	301
Risk-weighted pre-tax discount rate	12.8%	16.4%	10.7%	10.9%
Risk-adjusted growth rate beyond five years*	2.5%	2.5%	2.5%	2.5%

*In FY2019 the risk adjusted growth rate beyond 5 years was 2.5% across all CGUs presented above.

COVID-19 pandemic impact on projected cash flows

Budgeted cash flows have been based on the Group's past experience and the assessment of economic and regulatory factors affecting the markets within which the Group operates. The COVID-19 pandemic has impacted the Group business lines to varying degrees across the geographies we operate. Impacts include travel restrictions, access to sites restrictions and general chargeability and productivity constraints. Whilst the future health and economic consequences of COVID-19 remain uncertain, the experience to date of the impacts of COVID-19 on FY20 has been taken into consideration in the preparation of the FY2021 budget and the projections for FY2022 - FY2025. The projected cash flow considers the impacts of COVID-19 through the FY2021 budget and compound annual growth rates for CGUs range from 3% to 8%.

During the second half of FY20 all CGUs experienced some contract losses as well as some general deferral of activity as a result of the COVID-19 pandemic. In response to this, the Group has implemented and started executing a restructuring plan in various areas of operation to achieve sustainable and stable performance in the near term. The impacts of the COVID-19 related slowdown as well as the benefits of committed restructuring programmes have been considered in forming the FY2021 budget in the discounted value in use cash flow models.

SENSITIVITY ANALYSIS

The combined recoverable values of all CGUs exceed the carrying value by \$880 million. Management recognizes that the cash flow projections, discount and growth rates used to calculate the value in use may vary from what has been estimated.

The value in use estimate is particularly sensitive to the achievement of long term growth rates, discount rates and the forecast performance. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable.

Sensitivity analysis on the inputs for all CGUs is as follows:

- terminal growth rates: a 0.5% decrease in the terminal growth rate will result in all the CGUs listed above being free of impairment at reporting date;
- post-tax discount rates: a 0.5% increase in the discount rate will result in all the CGUs listed above being free of impairment at reporting date; and
- forecast cash flows: a 10% decrease in the forecast cash flows will result in all the CGUs listed above being free of impairment at reporting date.

	CONSOLIDATED	
	2020 \$'M	2019 RESTATED \$'M
11. PROVISIONS		
CURRENT		
Employee benefits	450	337
Project losses	140	127
Insurance	48	41
Onerous contracts	16	26
Warranty	9	7
Other	56	65
	719	603
NON-CURRENT		
Employee benefits	79	72
Onerous contracts	7	31
Warranty	14	15
Other	28	7
	128	125

RECONCILIATIONS

Reconciliations of each class of current and non-current provision at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED					
CURRENT	EMPLOYEE BENEFITS \$'M	PROJECT LOSSES \$'M	INSURANCE \$'M	ONEROUS CONTRACTS \$'M	WARRANTY \$'M	OTHER \$'M
Balance at 1 July 2019 restated	337	127	41	26	7	65
Reclassified as impairment of RoU on adoption of AASB 16 ¹	-	-	-	(15)	-	-
Additional provisions	359	40	9	21	16	2
Transfers	-	-	-	6	-	-
Release of unused provision	(27)	(21)	-	(4)	(14)	(4)
Amounts utilized	(215)	(2)	(3)	(18)	-	(7)
Differences arising from translation of foreign operations	(4)	(4)	1	-	-	-
Balance at 30 June 2020	450	140	48	16	9	56
Balance at 1 July 2018	180	86	22	15	9	7
Provisions from acquired entities restated	138	33	18	11	2	53
Additional provisions	212	28	10	17	2	5
Transfers	-	-	-	-	-	5
Release of unused provision	(7)	(1)	-	(4)	(1)	-
Amounts utilized	(189)	(20)	(10)	(12)	(5)	(5)
Differences arising from translation of foreign operations	3	1	1	(1)	-	-
Balance at 30 June 2019 restated	337	127	41	26	7	65

	CONSOLIDATED			
NON-CURRENT	EMPLOYEE BENEFITS \$'M	ONEROUS CONTRACTS \$'M	WARRANTY \$'M	OTHER \$'M
Balance at 1 July 2019 restated	72	31	15	7
Provisions from acquired entities	-	-	-	-
Reclassified as impairment of RoU on adoption of AASB 16 ¹	-	(23)	-	-
Transfers	-	(6)	-	-
Additional provisions	9	7	12	23
Release of unused provision	-	(2)	(3)	(2)
Amounts utilized	(3)	-	(9)	-
Differences arising from translation of foreign operations	1	-	(1)	-
Balance at 30 June 2020	79	7	14	28
Balance at 1 July 2018	30	25	10	1
Provisions from acquired entities restated	38	21	-	6
Transfers	-	(5)	-	-
Additional provisions	3	-	4	-
Release of unused provision	-	(10)	-	-
Differences arising from translation of foreign operations	1	-	1	-
Balance at 30 June 2019 restated	72	31	15	7

RECOGNITION AND MEASUREMENT

Provisions are recognized when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave, severance pay and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits or liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by the employees up to the reporting date. In determining the present value of future cash outflows, the high quality corporate bond rate with terms to maturity approximating the terms of the related liability, is used.

¹ Onerous lease provisions held as at 30 June 2019, were reclassified as impairment of RoU assets recognized on adoption of AASB 16 on 1 July 2019 as detailed in note 2(A)(v).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Project losses

Where additional costs are expected to be incurred on a project but where timing and exact magnitude are uncertain, a provision is recognized using management's best estimate based on the project circumstances. Additionally, where the outcome for a services contract is expected to result in an overall loss over the life of the project, this loss is provided for when it first becomes known that a loss will be incurred.

Insurance

Provision for insurance liabilities is recognized in line with actuarial calculations of unsettled insurance claims, net of insurance recoveries. The provision is based on the aggregate amount of individual claims incurred but not reported that are lower in value than the insurance deductible of the consolidated entity. It is based on the estimated cost of settling claims and consideration is given to the ultimate claim size, future inflation as well as the levels of compensation awarded through the courts.

Onerous contracts

Provisions for onerous contracts are recognized when the unavoidable costs of meeting the lease contract obligations under the contract exceed the economic benefits expected to be received under it.

In FY2019, provisions for onerous leases were recognized when the unavoidable costs of meeting the contract obligations under the contract exceed the economic benefits expected to be received under it. Due to adoption of AASB 16, in FY2020 these provisions contain only service components of the lease contracts, whilst on adoption of AASB 16 the lease components were reclassified as impairments to the respective RoU assets.

Warranty

The Group provides a general warranty for rework which is accounted for in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The provision is estimated having regard to prior warranty experience. In calculating the liability at balance date, amounts were not discounted to their present value as the effect of discounting was not material. It is expected that these costs will be incurred within two years of balance date.

In determining the level of provision required for warranties, the Group has made judgments in respect of the expected performance and the costs of fulfilling the warranty. Historical experience and current knowledge have been used in determining this provision.

Other provisions

Other provisions are recognized when the Group has a present obligation (legal or constructive) other than obligations described above as a result of a past event and where it is probable that resources will be expected to settle the obligation and the amount of such obligations can be reliably estimated.

12. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on equity, which the Group defines as profit after income tax expense divided by the average total shareholders' equity, excluding non-controlling interests. The Board also determines the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board monitors this through the gearing ratio (net debt/net debt plus total equity), the size of available banking facilities and the assessment of the outlook for the Group operations. The target for the Group's gearing ratio is between 25% and 35%. The gearing ratio at 30 June 2020 and 30 June 2019 was as follows:

	CONSOLIDATED	
	2020 \$M	2019 \$M
Total interest bearing loans and borrowings excluding lease liabilities ¹	1,867	2,153
Add: Lease liabilities ²	435	-
Less: derivatives ³	(48)	(66)
Less: cash and cash equivalents ⁴	(490)	(494)
Net debt	1,764	1,593
Total equity	5,940	6,033
Gearing	22.9%	20.9%

Gearing as at 30 June 2020 excluding lease liabilities is 18.3%.

There were no changes in the Group's approach to capital management during the financial year.

Neither the Group nor any of its subsidiaries is in breach of externally imposed capital requirements.

¹ Excluding capitalized borrowing costs.

² AASB 16 was adopted in FY20.

³ Only includes mark to market cross currency swaps.

⁴ Includes procurement cash.

	CONSOLIDATED	
	2020 \$M	2019 \$M
13. INTEREST BEARING LOANS AND BORROWINGS AND LEASE LIABILITIES		
<i>Current</i>		
Notes payable	254	107
Unsecured bank loans	223	57
Bank overdraft	-	2
Lease liabilities	153	-
Capitalized transaction costs	(4)	(1)
	626	165
<i>Non-current</i>		
Notes payable	298	542
Unsecured bank loans	1,092	1,445
Lease liabilities	282	-
Capitalized transaction costs	(10)	(14)
	1,662	1,973

FY2020

In the second half of FY2020, approximately \$480 million of debt facilities were renewed for a further 12 months (to April 2021) and \$465 million additional facilities were secured for a period of 12 months to April 2021.

Due to the Group's property rationalization program noted in note 28, termination options held under certain property agreements have been assessed as reasonably certain to be exercised as at 30 June 2020. Should these options not be exercised, the lease liability would increase by \$11 million.

FY2019

In February 2019, the Group refinanced its core syndicated debt facility as a result of the acquisition of ECR. The new multi-currency facility led by Wells Fargo Bank, HSBC Bank and Standard Chartered Bank consists of a US\$500 million revolving credit facility and a \$800 million term loan. The facility matures in February 2024.

RECOGNITION AND MEASUREMENT

Interest bearing loans and borrowings

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Financial Performance over the period of the loan using the effective interest rate method.

Lease liabilities

The Group defines a lease as a contract, or part of a contract, that conveys the right to control the use of an asset (the underlying asset) for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone price.

The Group's vast majority of leases are properties, with a small portion comprised of leases of construction equipment, vehicles and IT equipment.

Previously, the Group classified property and asset leases mainly as operating leases under AASB 117 based on the assessment that these leases did not transfer substantially all of the risks and rewards of ownership.

As a lessee, the Group uses a single model for all incoming rentals and, at lease commencement date, recognizes a RoU representing the Group's right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

At the lease commencement date, the lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that cannot be readily determined, the applicable incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. It is remeasured when there is a change in future lease payments arising from changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised, and under some other special circumstances. The Group applies judgment to determine the lease term for some leases in which it is a lessee that include renewal options.

Some property leases contain extension options or termination options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension or termination option. These are reassessed if there is a significant event or changes in circumstance within its control.

Finance costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except when they are included in the costs of qualifying assets. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs include:

- interest on bank overdrafts, and short term and long term loans and borrowings;
 - amortization of discounts or premiums relating to loans and borrowings and non-current payables; and
 - lease liability interest.
- Included in the total finance costs of \$132m (2019: \$72m) disclosed in the Statement of Financial Performance and Other Comprehensive Income is \$23m recognized on lease liabilities (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

TERMS AND CONDITIONS

Notes payable

Unsecured notes payable remaining on the Group's balance sheet as at 30 June 2020 were issued in the United States private debt capital market in March 2011 and September 2012 as follows:

AMOUNT, MILLION	DATE OF ISSUE	DATE OF MATURITY	FIXED COUPON PER ANNUM
USD 205	September 2012	September 2022	4.00%
USD 175	March 2011	March 2021	5.56%

Unsecured notes payable for USD 75 million issued in the United States private debt capital market in September 2012 matured and was paid in September 2019.

Cross currency swaps have been entered into, swapping USD 120 million (2019: USD 195 million) of notes payable into CAD 118 million (2019: CAD 194 million). This represents 32% (2019: 43%) of the outstanding notes.

Unsecured bank loans

Unsecured bank loans are floating interest rate debt facilities and are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

14. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements in financial liabilities and related financial assets are as follows:

	AS AT 1 JULY \$'M	RECLASSIFICATION \$'M	CASH FLOWS \$'M	FOREIGN EXCHANGE MOVEMENTS \$'M	OTHER ¹ \$'M	AS AT 30 JUNE \$'M
2020						
Current interest bearing loans and borrowings	166	312	(15)	14	-	477
Non-current interest bearing loans and borrowings	1,987	(312)	(320)	35	-	1,390
Lease liabilities ²	461	-	(147)	(1)	122	435
Liabilities	2,614	-	(482)	48	122	2,302
Derivative asset	66	-	(1)	(23)	6	48
Assets	66	-	(1)	(23)	6	48
2019						
Current interest bearing loans and borrowings	36	102	16	12	-	166
Non-current interest bearing loans and borrowings	972	(102)	1,063	54	-	1,987
Finance lease liability	-	-	-	-	-	-
Liabilities	1,008	-	1,079	66	-	2,153
Derivative asset	63	-	-	1	2	66
Assets	63	-	-	1	2	66

¹ For liabilities, this represents new leases entered, interest expense not yet paid net of changes in lease term on termination options reasonably certain to be exercised.

² The lease liability recognized on adoption of AASB 16 is reflected in the 1 July 2019 column.

	CONSOLIDATED			
	2020 NUMBER OF SHARES	\$'M	2019 NUMBER OF SHARES	\$'M
15. ISSUED CAPITAL				
Ordinary shares, fully paid ¹	521,477,245	5,301	520,041,806	5,283
Special voting share	1	-	1	-
	521,477,246	5,301	520,041,807	5,283
(A) MOVEMENTS IN SHARES				
	2020 NUMBER OF SHARES	\$'M	2019 NUMBER OF SHARES	\$'M
Balance at the beginning of the financial year	520,041,807	5,283	273,936,033	1,590
Ordinary shares issued	-	-	244,749,038	3,745
Ordinary shares issued on redemption of exchangeable shares	30,000	1	60,000	2
Exchangeable shares exchanged for ordinary shares	(30,000)	(1)	(60,000)	(2)
Transfer from performance rights reserve on issuance of shares ²	1,435,439	18	1,205,277	5
Ordinary shares issued from WorleyParsons Limited Plans Trust	-	-	151,459	-
Less: transaction costs of equity issue	-	-	-	(57)
Balance at the end of the financial year	521,477,246	5,301	520,041,807	5,283

In the prior financial year, the Group issued 186.6 million shares at \$15.56 each to fund the ECR acquisition. The issue was a 1 for 1.47 fully underwritten, pro-rata, accelerated non-renounceable entitlement offer for \$2.9 billion. The attributable costs of the issuance of shares were \$57 million and have been charged to equity as a reduction in issued capital. Additionally, 58.2 million shares valued \$14.47 each on the date of the transaction were issued to Jacobs Engineering Group Inc as part of the ECR purchase consideration totalling \$842 million (refer note 21(B)).

RECOGNITION AND MEASUREMENT

Issued and paid up capital is recognized at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognized directly in equity as a reduction of the share proceeds received.

¹ Included in ordinary shares are 1,006,193 (2019: 1,036,193) exchangeable shares. The issuance of the exchangeable shares and the attached special voting share replicate the economic effect of issuing ordinary shares in the Company. Accordingly, for accounting purposes, exchangeable shares are treated in the same single class of issued capital as ordinary shares. In addition, the Australian Securities Exchange (ASX) treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. Ordinary shares have no par value and the Company does not have a limited amount of authorized capital. The Worley Limited Plans Trust holds nil (2019: nil) shares of the company.

² Includes 311,855 SPPR amendments (2019: 127,825)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(B) TERMS AND CONDITIONS OF ISSUED CAPITAL

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Exchangeable shares

The exchangeable shares were issued by Worley Canada SPV Limited as part of the consideration for the acquisition of the Colt Group. Exchangeable shares may be exchanged into ordinary shares of the Company on a one for one basis (subject to adjustments) at any time by the exchangeable shareholders.

Exchangeable shares have the right to receive the same cash dividends or cash distributions as declared on the ordinary shares into which they are convertible. In the event of the winding up of the Company, the exchangeable shares would convert to ordinary shares, which would participate in the proceeds from the sale of all surplus assets pro-rata with other ordinary shares.

The exchangeable shares, through a voting trust which holds a special voting share in the Company, entitle their holders to vote at the Company's general meetings as though they hold ordinary shares. During the financial year ended 30 June 2020, 30,000 (2019: 60,000) exchangeable shares were exchanged.

Special voting share

The special voting share was issued to Computershare Trust Company of Canada Limited (Trustee) as part of the consideration for the acquisition of the Colt Group. The special voting share does not have the right to receive dividends as declared, and in the event of the winding up of the Company is unable to participate in the proceeds from the sale of all surplus assets. The special voting share has a right to vote together as one class of share with the holders of ordinary shares in the circumstances in which shareholders have a right to vote, subject to the Company's Constitution and applicable law. The Trustee must vote in the manner instructed by an exchangeable shareholder in respect of the number of votes that would attach to the ordinary shares to be received by that exchangeable shareholder on exchange of its exchangeable shares. The special voting share has an aggregate number of votes equal to the number of votes attached to ordinary shares into which the exchangeable shares are retracted or redeemed.

(C) EQUITY RIGHTS

The policy in respect of equity rights is outlined in note 5.

	NUMBER OF EQUITY RIGHTS	
	2020	2019
Balance at the beginning of the financial year	4,369,433	3,571,039
Rights granted	3,813,632	2,404,637
Rights exercised	(1,779,479)	(1,299,058)
Rights lapsed or expired	(672,620)	(307,185)
Balance at the end of the financial year	5,730,966	4,369,433
Exercisable at the end of the financial year	nil	nil
Weighted average exercise price	\$nil	\$nil

Equity rights

- The outstanding balance as at 30 June 2020 is represented by:
- 165,397 equity rights, vesting on 30 September 2020 and expiring on 30 October 2023;
- 237,680 equity rights, vesting on 30 September 2020 and expiring on 29 October 2024;
- 39,258 equity rights, vesting on 30 September 2020 and expiring on 19 February 2025;
- 492,486 equity rights, vesting on 30 September 2020 and expiring on 29 October 2025;
- 430,415 equity rights, vesting on 30 September 2020 and expiring on 29 October 2025;
- 594,028 equity rights, vesting on 30 September 2020 and expiring on 29 October 2026;
- 239,337 equity rights, vesting on 30 September 2021 and expiring on 29 October 2024;
- 176,920 equity rights, vesting on 30 September 2021 and expiring on 29 October 2025;
- 228,922 equity rights, vesting on 30 September 2021 and expiring on 27 April 2026;
- 1,922,386 equity rights, vesting on 30 September 2021 and expiring on 29 October 2026;
- 153,441 equity rights, vesting on 30 September 2022 and expiring on 29 October 2025;
- 5,143 equity rights, vesting on 30 September 2022 and expiring on 27 April 2026;
- 566,142 equity rights, vesting on 30 September 2022 and expiring on 29 October 2026; and
- 479,411 equity rights, vesting on 30 September 2023 and expiring on 29 October 2026.

Weighted average remaining contractual life

The weighted average remaining life for the rights outstanding as at 30 June 2020 is 1.2 years (2019: 1.1 years).

Weighted average fair value

The weighted average fair value of rights granted during the financial year was \$11.92 (2019: \$13.30).

KEY ESTIMATES

Pricing model

The following table lists the inputs to the models used for the financial years ended 30 June 2020 and 30 June 2019:

	EQUITY RIGHTS PLAN TSR, EPS AND SPRR	
	2020	2019
Dividend yield (%)	4.00-4.24	3.03-3.52
Expected volatility (%) ¹	30	30
Risk-free interest rate (%)	0.83-0.85	1.96-2.05
Expected life of rights (years)	2-4	2-4
Rights exercise price (\$)	nil	nil
Weighted average share price at measurement date (\$)	14	15
	CONSOLIDATED	
	2020 \$'M	2019 \$'M
16. RESERVES		
Foreign currency translation reserve	(342)	(237)
Hedge reserve	5	7
Performance rights reserve	68	55
Defined benefits reserve	(9)	(5)
Acquisition reserve	(64)	(64)
	(342)	(244)

(A) FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign controlled entities and associates, and the net investments hedged in their entities.

(B) HEDGE RESERVE

The hedge reserve is used to record gains or losses on hedging instruments used in the cash flow hedges that are recognized directly in equity. Amounts are recognized in the Statement of Financial Performance when the associated hedged transaction affects the profit and loss.

No amount was recognized in the Statement of Financial Performance in relation to hedge ineffectiveness for the year ended 30 June 2020 (2019: nil).

RECOGNITION AND MEASUREMENT

Specific hedges

Hedging is undertaken to avoid or minimize potential adverse financial effects of movements in foreign currency exchange rates. Gains or losses arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent foreign exchange gains or losses resulting from those transactions, are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the foreign currency translation reserve.

At each balance date, the Group measures the effectiveness of its cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in the profit and loss. The following effectiveness criteria are applied:

- An economic relationship exists between the hedged item and hedging instrument;
- The effect of credit risk does not dominate the fair value changes; and
- The hedge ratio applied for hedge accounting purposes should be the same as the hedge ratio used for risk management purposes.

(C) PERFORMANCE RIGHTS RESERVE

The performance rights reserve is used to recognize the fair value of equity rights issued but not vested.

(D) DEFINED BENEFITS RESERVE

The defined benefits reserve is used for remeasurements of the net defined benefit liability, which comprise actual gains and losses, the return on plan assets (if applicable) and any asset ceilings where applicable.

(E) ACQUISITION RESERVE

The acquisition reserve is used to record differences between the carrying value of non-controlling interests before acquisition and the consideration paid upon acquisition of an additional shareholding, where the transaction does not result in a loss of control. In FY2019, the Group decreased its share in Jacobs Matasis Pty Ltd from 74% (acquired 26 April 2019) to 65% in May 2019, following a share buyback. No such transactions occurred in FY2020.

¹ The expected volatility was determined based on the historical share price volatility of the Company. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. EARNINGS PER SHARE

	CONSOLIDATED	
	2020 CENTS	2019 CENTS
ATTRIBUTABLE TO MEMBERS OF WORLEY LIMITED		
Basic earnings per share	32.8	36.4
Diluted earnings per share	32.7	36.2

The following reflects the income and security data used in the calculation of basic and diluted earnings per share:

(A) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	\$'M	\$'M
Earnings used in calculating basic and diluted earnings per share	171	152

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	Number	Number
Weighted average number of ordinary securities used in calculating basic earnings per share	521,055,017	417,630,937
Performance rights which are considered potentially dilutive	2,589,170	1,876,622
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	523,644,187	419,507,559

Within the total number of performance rights which are considered dilutive, the weighted average number of converted, lapsed or cancelled potential ordinary shares used in calculating diluted earnings per share was 159,798 (2019: 257,920).

MEASUREMENT

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to members of Worley Limited by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated as profit attributable to members of Worley Limited adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
18. DIVIDENDS		
<i>(A) FINAL DIVIDEND PROPOSED</i>		
Dividend in respect of the six months to 30 June 2020:		
25.0 cents per share	130	-
Dividend in respect of the six months to 30 June 2019:		
15.0 cents per share (unfranked)	-	78

The directors have resolved to pay a final dividend of 25.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2019: 15.0 cents per share). The Company will make total dividend payments of 50.0 cents per share for the financial year ended 30 June 2020 (2019: 27.5 cents per share).

The final dividend will be paid on 30 September 2020 for shareholders on the register at the record date, being 02 September 2020.

In accordance with AASB 110 *Events after the Reporting Period*, the aggregate amount of the proposed final dividend of \$130 million is not recognized as a liability as at 30 June 2020.

(B) DIVIDENDS PAID DURING THE FINANCIAL YEAR

25.0 cents per share (unfranked) dividend in respect of the six months to 31 December 2019	130	n/a
15.0 cents per share (unfranked) dividend in respect of the six months to 30 June 2019	78	n/a
12.5 cents per share (unfranked) dividend in respect of the six months to 31 December 2018	n/a	58
15.0 cents per share (unfranked) dividend in respect of the six months to 30 June 2018	n/a	41
	208	99

19. FINANCIAL RISK MANAGEMENT

(A) OVERVIEW

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and short term deposits and derivatives and leases liabilities accounted for under AASB 16. The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Quantitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Committee assists the Board in overseeing the integrity of the Group's financial reporting risk management framework and internal controls.

Risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

(B) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets of the Group comprise cash and cash equivalents, trade and other receivables, derivative financial instruments and off Statement of Financial Position guarantees and letters of credit. The Group's maximum exposure to credit risk is equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. Credit exposure of derivatives is considered to be any positive market value.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The profiles of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Geographically and on a customer basis, there is no concentration of credit risk.

The Group has a credit policy under which each new customer is analyzed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references.

The Group has established an allowance for expected credit losses that represents its estimate of expected credit losses in respect of trade and other receivables.

Guarantees

Details of outstanding guarantees are provided in note 25(A). The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

Maximum credit exposure

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CARRYING AMOUNT CONSOLIDATED	
	2020 \$'M	2019 RESTATED \$'M
Cash and cash equivalents	490	494
Trade receivables, unbilled contract revenue and retentions, net of credit loss allowance	2,425	2,808
Other receivables	202	156
Amounts receivable from associates and related parties	55	48
Derivatives	57	70
	3,229	3,576

The ageing of the Group's trade receivables, unbilled contract revenue and retentions at the reporting date was:

	GROSS 2020 \$'M	IMPAIRMENT ALLOWANCE ¹ 2020 \$'M	GROSS 2019 RESTATED \$'M	IMPAIRMENT ALLOWANCE ¹ 2019 RESTATED \$'M
0-60 days	1,807	-	2,178	-
Past due 61-120 days	252	-	237	-
Gross aged receivables 0-120 days	2,059	(11)	2,415	(11)
Gross receivables more than 121 days	430	(53)	448	(44)
Total	2,489	(64)	2,863	(55)

The Group applies the simplified approach under AASB 9 to measure expected credit losses for trade receivables and unbilled contract revenue which applies a lifetime expected loss model. The Group uses judgment in making the assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates.

The allowance amounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount is considered irrecoverable and is written off against the financial asset directly.

Counterparties with receivables neither past due nor impaired are assessed as creditworthy.

¹ Provision for doubtful debts with no chance of recovery have been written off against the gross receivable to which they relate. The prior year comparative has been restated.

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has unrestricted access at balance date to the following lines of credit:

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
UNSECURED FACILITIES		
Total facilities available:		
Loan facilities	3,098	2,806
Overdraft facilities	158	156
Lease liabilities ¹	435	n/a
Bank guarantees and letters of credit	1,709	1,540
	5,400	4,502
Facilities utilized at balance date:		
Loan facilities ²	1,867	2,151
Overdraft facilities	-	2
Lease liabilities ¹	435	n/a
Bank guarantees and letters of credit	1,112	894
	3,414	3,047
Facilities available at balance date:		
Loan facilities	1,231	655
Overdraft facilities	158	154
Bank guarantees and letters of credit	597	646
	1,986	1,455
The maturity profile in respect of the Group's total unsecured loan, overdraft facilities and lease liabilities is set out below:		
Due within one year	1,318	600
Due between one and four year(s)	2,184	542
Due after four years	189	1,820
	3,691	2,962

¹ On 1 July 2019 the Group adopted AASB 16 *Leases* as disclosed in note 2(A)(v).

² Excludes capitalized transaction costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period from balance date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, their balances will not necessarily agree with the amounts disclosed in the Statement of Financial Position.

	CONSOLIDATED					
	TRADE AND OTHER PAYABLES \$'M	AMOUNTS PAYABLE TO ASSOCIATES AND RELATED PARTIES \$'M	INTEREST BEARING LOANS AND BORROWINGS AND LEASE LIABILITIES \$'M	EXPECTED FUTURE INTEREST PAYMENTS \$'M	DERIVATIVES \$'M	TOTAL FINANCIAL LIABILITIES \$'M
As at 30 June 2020						
Due within one year	1,114	-	630	7	3	1,754
Due between one and four year(s)	48	-	1,483	41	-	1,572
Due after four years	-	-	189	9	-	198
	1,162	-	2,302	57	3	3,524
As at 30 June 2019						
Due within one year	1,447	16	167	1	2	1,633
Due between one and four year(s)	47	-	542	62	-	651
Due after four years	-	-	1,444	-	-	1,444
	1,494	16	2,153	63	2	3,728

(D) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risk. Generally, the Group seeks to apply hedge accounting in order to reduce volatility in the profit and loss.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. In the ordinary course of business, the Group structures its contracts to be in the functional currency of the country where the work is performed and costs incurred.

The Group uses forward exchange contracts and foreign currency options to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Interest on loans and borrowings is denominated in currencies that match the cash flows generated by the underlying operations for the Group resulting in an economic hedge. Interest is primarily AUD, CAD, GBP and USD denominated.

A number of the Group controlled entities have a functional currency other than AUD. The exchange gains or losses on the net equity investment of foreign operations are reflected in the foreign currency translation reserve within the equity attributable to members of Worley Limited. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(1) CROSS CURRENCY SWAPS

The Group uses cross currency swaps (CCS) to hedge its foreign currency interest rate risk, most with a maturity of greater than one year from the reporting date.

At balance date, the details of CCS were as follows:

	WEIGHTED AVERAGE EXCHANGE RATE		2020 \$'M	2020 \$'M	2019 \$'M	2019 \$'M
	2020	2019				
Contracts to buy USD and sell CAD						
Matured 13 September 2019	1.01	1.01	-	-	USD 75	CAD (76)
Maturing 24 March 2021	0.99	0.99	USD 120	CAD (118)	USD 120	CAD (118)

The following gains and losses have been deferred at balance date:

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
Fair value gain on cross currency hedge		48
Foreign exchange loss on hedge relationship		(49)
Net (loss)/gain pre-tax in hedge relationship	(1)	1

The timescale (future cash flow timings) of the CCS contracts is in line with the forecasted (and contractual) cash flows in foreign currencies (the coupon and debt repayments), with this 1 for 1 economic relationship which makes this an effective hedge.

(2) FORWARD EXCHANGE CONTRACTS

The Group is exposed to foreign exchange rate transaction risk on foreign currency sales and purchases, and loans to and from related entities. The most significant foreign exchange risk is USD receipts by Australian and other non-US entities. When required, hedging is undertaken through transactions entered into in the foreign exchange markets. Forward exchange contracts have been used for hedging purposes and are generally accounted for as cash flow hedges.

At balance date, the details of significant outstanding contracts were:

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2020	2019	2020 \$'M	2020 \$'M	2019 \$'M	2019 \$'M
Maturing in the next 6 months from the reporting date						
Buy AUD and Sell CAD	1.1	1.1	AUD 85	CAD (77)	AUD 27	CAD (25)
Buy NOK and Sell AUD	6.6	1.4	NOK193	AUD (29)	AUD 39	USD (27)
Buy NOK and Sell AUD	6.6	-	NOK100	AUD (15)	-	-
Buy EUR and Sell USD	0.9	0.9	EUR 20	USD (22)	EUR 32	USD (36)
Buy GBP and Sell USD	0.8	0.8	GBP 7	USD (9)	GBP 37	USD (48)
Buy GBP and Sell USD	0.8	-	GBP 6	USD (7)	-	-
Buy GBP and Sell USD	0.8	-	GBP 6	USD (8)	-	-
Buy GBP and Sell USD	0.8	-	GBP 6	USD (7)	-	-
Buy GBP and Sell USD	0.8	-	GBP 8	USD (10)	-	-
Buy GBP and Sell USD	0.8	-	GBP 6	USD (8)	-	-
Buy NOK and Sell USD	9.5	-	NOK 100	USD (10)	-	-
Buy NOK and Sell USD	10.5	-	NOK 166	USD (16)	-	-
Buy USD and Sell AUD	0.7	-	USD 20	AUD (29)	-	-
Buy USD and Sell AUD	0.7	-	USD 8	AUD (12)	-	-
Buy AUD and Sell USD	-	1.4	AUD 36	USD 27	-	-
Buy NOK and Sell CAD	-	6.4	-	-	NOK 80	CAD (12)
Buy NOK and Sell GBP	-	11.0	-	-	NOK 98	GBP (9)
Buy NOK and Sell USD	-	8.5	-	-	NOK 375	USD (44)
Buy SGD and Sell AUD	-	-	-	-	-	-
Buy SGD and Sell AUD	-	1.0	-	-	SGD 13	AUD (13)
Buy IDR and Sell USD	15,373.0	-	IDR 27,428	USD (2)	-	-
Maturing in the next 6-12 months from the reporting date						
Buy EUR and Sell USD	-	1	-	-	EUR 3	USD (3)
Buy IDR and Sell USD	15,563.0	14,453.1	IDR 28,013	USD (2)	IDR 27,428	USD (2)
Maturing in the next 12-18 months from the reporting date						
Buy IDR and Sell USD	-	14,453.1	-	-	IDR 27,671	USD (2)
Maturing in the next 18-24 months from the reporting date						
Buy IDR and Sell USD	-	14,453.1	-	-	IDR 28,013	USD (2)

As these contracts are hedging anticipated future receipts and sales, to the extent that they satisfy hedge accounting criteria, any unrealized gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognized in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedged transaction is still expected to occur as designated.

The timescale (future cash flow timings) of the foreign exchange forward contracts is in line with future detailed forecast cash flows in foreign currencies. Start dates and completion dates are tracked and the transactions are based on won projects and are highly probable to occur, resulting in immaterial ineffectiveness. The change in fair values between the hedging instrument and item are materially the same, with the proportion of the risk that is hedged been at or near 100%.

The gains and losses deferred in the Statement of Financial Position were as follows:

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
Effective hedge – unrealized gains	11	2
Effective hedge – unrealized losses	(12)	(1)
Net unrealized (losses)/gains, pre-tax	(1)	1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(3) FOREIGN CURRENCY RISK EXPOSURE

The Group's year end Statement of Financial Position exposure to foreign currency risk was as follows, based on notional amounts. The following are financial assets and liabilities (unhedged amounts) in currencies other than the functional currencies of the entity in which they are recorded:

	CAD \$'M	GBP \$'M	USD \$'M	EUR \$'M	OTHER ¹ \$'M
As at 30 June 2020					
Cash and cash equivalents	-	3	76	8	25
Trade receivables	1	-	50	17	22
Trade payables	(2)	(6)	(95)	(8)	(16)
Gross Statement of Financial Position exposure	(1)	(3)	31	17	31
As at 30 June 2019					
Cash and cash equivalents	3	7	82	12	14
Trade receivables	1	2	80	18	14
Trade payables	(1)	(4)	(94)	(11)	(6)
Gross Statement of Financial Position exposure	3	5	68	19	22

(4) CURRENCY SENSITIVITY ANALYSIS

A 10% weakening of the Australian dollar against the following currencies at 30 June 2020 in relation to the preceding foreign currency exposures would have increased equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed and shown on the same basis for 2019.

EFFECTS IN MILLIONS OF AUD	CONSOLIDATED			
	2020	2019	2020	2019
CAD	-	-	-	-
GBP	-	-	-	1
USD	-	4	-	8
EUR	-	2	-	2
Other	-	2	-	2

A 10% strengthening of the Australian dollar against the above currencies at 30 June 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates against the AUD applied during the financial year:

	AVERAGE EXCHANGE RATE		REPORTING DATE SPOT EXCHANGE RATE	
	2020	2019	2020	2019
CAD	0.8996	0.9470	0.9392	0.9180
GBP	0.5325	0.5528	0.5540	0.5530
USD	0.6710	0.7154	0.6886	0.7008
EUR	0.6067	0.6268	0.6138	0.6164

¹ Represented in AUD currency millions as indicated.

(ii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group enters into interest rate swaps to manage interest rate risk. The Group adopts a policy of ensuring that the majority of its exposure to interest rates on borrowings is on a fixed rate basis.

(1) INTEREST RATE RISK EXPOSURES

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods are set out in the following table:

	WEIGHTED AVERAGE INTEREST RATE % PA	FLOATING INTEREST RATE \$'M	1 YEAR OR LESS \$'M	1 TO 2 YEARS(\$)'M	2 TO 3 YEARS \$'M	3 TO 4 YEARS \$'M	4 TO 5 YEARS \$'M	MORE THAN 5 YEARS \$'M	NON-INTEREST BEARING \$'M	TOTAL \$'M
AS AT 30 JUNE 2020										
Cash and cash equivalents	1.7	490	-	-	-	-	-	-	-	490
Bank loans ¹	2.7	-	223	56	56	980	-	-	-	1,315
Notes payable	4.7	-	254	-	298	-	-	-	-	552
Lease liabilities	4.6	-	153	21	38	34	30	159	-	435
AS AT 30 JUNE 2019										
Cash and cash equivalents	3.0	494	-	-	-	-	-	-	-	494
Bank loans ¹	4.4	-	57	-	-	-	1,445	-	-	1,502
Notes payable	4.5	-	107	249	293	-	-	-	-	649
Finance lease liabilities	4.1	-	-	-	-	-	-	-	-	-

As the largest component of interest bearing liabilities, being bank loans, is at floating interest rates, the effect of changes in interest rates by 1% will change interest expense by approximately 13%.

Lease liabilities recognized under AASB 16 (applicable for FY20), are recognized at the incremental borrowing rates at inception of the lease, that do not change unless there are certain modifications or remeasurements to the lease.

20. FAIR VALUES

DETERMINATION OF FAIR VALUES

The Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions used in determining fair values is disclosed in the notes specific to that asset or liability.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

FAIR VALUES COMPARED TO CARRYING AMOUNTS

The fair values of financial assets and liabilities (including lease liabilities) approximate their carrying values with the exception of interest bearing loans and borrowings (excluding lease liabilities) which have a fair value of \$1,908 million (2019: \$2,198 million) and a carrying value of \$1,867 million (2019: \$2,153 million).

The Group uses the following hierarchy for determining the fair value of a financial asset or liability:

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The Group's interest bearing loans and borrowings and derivative instruments including interest rate swaps and forward exchange contracts fall within Level 2 of the hierarchy.

Derivative instruments including interest rate swaps and forward exchange contracts are restated to fair values at each reporting date based on market observable inputs such as foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Fair values of the Group's interest bearing loans and borrowings are determined by discounting future cash flows using period-end borrowing rates on loans and borrowings with similar terms and maturity.

There were no transfers between Level 1 and 2, and no financial instruments were measured at Level 3 (where fair value is measured using unobservable inputs for the asset or liability), for the periods presented in this report.

¹ Excludes capitalized borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. INVESTMENTS IN CONTROLLED ENTITIES

ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY	
		2020 %	2019 %
SIGNIFICANT ENTITIES			
Worley No 2 Pty Limited ¹	Australia	100	100
Worley Canada Services Ltd	Canada	100	100
Worley Cord Limited	Canada	100	100
Worley Engineering Pty Limited ¹	Australia	100	100
Worley Financial Services Pty Limited ¹	Australia	100	100
Worley Group Inc	USA	100	100
Rosenberg Worley AS	Norway	100	100
Worley US Holding Corporation	USA	100	100
Worley US Finance Sub Limited	USA	100	100
Worley Corporation	USA	100	100
Worley SPV1 Pty Limited ¹	Australia	100	100
<i>Acquired in FY2019 (refer note 21(B))</i>			
Worley ECR Services Inc	USA	100	100
Worley Field Services Incorporated	USA	100	100
Worley Nederland BV	Netherlands	100	100
Worley Equipment Incorporated	USA	100	100
Worley India Private Limited	India	100	100

In accordance with the accounting standards, the Group discloses only significant entities identified on the basis of materiality.

(A) ACQUISITION OF CONTROLLED ENTITIES

FY2020:

On 25 October 2019, Worley acquired a 100% share in 3sun Group Ltd (3sun), a UK based offshore wind and energy installation, inspection and maintenance business. The total purchase price consideration amounts to \$34 million (GBP 18 million) paid in cash. As at 30 June 2020, the PPA remains provisional. Other smaller acquisitions were also made during the period.

FY2019:

On 26 April 2019 the acquisition of ECR from Jacobs Engineering Group Inc was completed for a total consideration of \$4,621 million (net of cash acquired). ECR is a global technical services provider across Hydrocarbons, Chemicals and Mining & Minerals with significant operations in the US, Canada, the Middle East and India.

The acquisition's contribution to the Group's reported after tax profit attributable to members of the Parent Entity was \$35 million (this includes certain transition costs), and the reported contribution to revenue was \$1,254 million. If the acquisition had occurred on 1 July 2018, management estimates that the contribution to the Group's profit after income tax would have been \$207 million, and to revenue would have been \$6,684 million for the year ended 30 June 2019.

The Group incurred acquisition related costs of \$51 million on legal fees, due diligence and advisory costs. These costs have been included in acquisition costs in the Statement of Financial Performance, and in operating cash flows in the Statement of Cash Flows.

¹ Entities subject to ASIC Corporations Instrument 2016/785.

As at 30 June 2019, the PPA remained provisional and was concluded in FY2020. As a result, the 30 June 2019 comparative balances have been restated as noted in note 2(D). The final balances as at 26 April 2019 acquired are shown below:

	FINAL 2019 \$M
ASSETS	
Cash and cash equivalents	256
Trade receivables	1,316
Other receivables	58
Prepayments	59
Deferred tax assets	67
Equity accounted associates	120
Property, plant and equipment	408
Computer software	66
Other assets	30
Total assets	2,380
LIABILITIES	
Trade and other payables	(1,040)
Provisions	(320)
Income tax payable	(24)
Defined benefit obligations	(51)
Deferred tax liabilities	(12)
Total liabilities	(1,447)
Identifiable customer contracts and relationships	814
Identifiable intangibles - other	13
Deferred tax liability arising on intangible assets	(101)
Total identifiable net assets acquired at fair value	1,659
Non-controlling interests	(47)
Total identifiable net assets acquired at fair value, Worley's share	1,612
Goodwill arising on acquisition	3,265
Total consideration, excluding acquisition costs expensed	4,877
TOTAL CONSIDERATION	
CASH CONSIDERATION PAID	4,033
Consideration in shares	842
Replacement equity rights	2
Total consideration	4,877
CASH FLOWS	
CASH CONSIDERATION PAID	4,033
Cash and overdrafts included in the net assets acquired	(256)
Total investing activity outflow on the business combination	3,777
Transaction costs of the acquisition	51
Net cash outflow	3,828

Goodwill represents the value of the assembled workforce and any premium from synergies and future growth opportunities that cannot be recognized separately. As at 30 June 2020, goodwill has been allocated to the respective CGUs as described in note 10. The carrying value equals the fair value of the net assets acquired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

RECOGNITION AND MEASUREMENT

Controlled entities

Where control of an entity is obtained during a financial year, its results are included in the Statement of Financial Performance and the Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Acquisition of assets and business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken or assumed at the date of acquisition. Transaction costs directly attributable to the acquisition are expensed as incurred. Where equity instruments are issued in a business combination, the value of the instruments is their market price as determined by market valuation at the acquisition date. Transaction costs arising on the issue of equity instruments are recognized directly in equity.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the profit and loss.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognized as a gain in the Statement of Financial Performance, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

22. EQUITY ACCOUNTED ASSOCIATES

(A) DETAILS OF EQUITY ACCOUNTED ASSOCIATES

The Group's largest equity accounted investments are listed below. None are considered individually material to the Group.

ENTITY	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED		CARRYING AMOUNT CONSOLIDATED	
			2020 %	2019 %	2020 \$'M	2019 RESTATED \$'M
<i>Significant investments</i>						
Jacobs Engineering SA Joint Ventures	Morocco	Chemicals	50	50	118	122
DeltaAfrik Engineering Limited	Nigeria	Hydrocarbons	50	50	28	28
TW Power Services Pty Limited ¹	Australia	Infrastructure	50	50	18	20
Other investments					34	43
					198	213

¹ The Group acquired the remaining 50% subsequent to year end, refer note 26.

(B) CARRYING AMOUNT OF EQUITY ACCOUNTED ASSOCIATES

	CONSOLIDATED	
	2020 \$'M	2019 RESTATED \$'M
Balance at the beginning of the financial year	213	81
Share of net profit of investments accounted for using the equity method, excluding impairments	1	11
Dividends declared by equity accounted associates	(7)	(8)
Acquired through business combinations	-	120
Write down of investment	(7)	-
Disposal of investments	(4)	-
Movement in foreign currency translation reserve of equity accounted associates	2	9
Balance at the end of the financial year	198	213

(C) NET PROFIT ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

Loss before income tax expense	(1)	16
Income tax expense	(5)	(5)
Net profit of equity accounted associates	(6)	11

(D) REVENUE ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

Share of revenue from equity accounted associates ¹	393	183
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(E) RESERVES ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(17)	(26)
Movement in reserve	2	9
Balance at the end of the financial year	(15)	(17)

	CONSOLIDATED	
	2020 \$'M	2019 RESTATED \$'M
(F) RETAINED PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES		
Balance at the beginning of the financial year	92	89
Share of net profits of investments accounted for using the equity method	1	11
Impairment of investments in equity accounted associates	(7)	-
Dividends declared by equity accounted associates	(4)	(8)
Balance at the end of the financial year	82	92

(G) SHARE OF EQUITY ACCOUNTED ASSOCIATES' CONTINGENT LIABILITIES

Performance related guarantees issued	3	3
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(H) SHARE OF EQUITY ACCOUNTED ASSOCIATES' EXPENDITURE COMMITMENTS

Operating lease commitments ²	-	2
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(I) SUMMARY OF FINANCIAL POSITION OF EQUITY ACCOUNTED ASSOCIATES

The consolidated entity's share of aggregate assets and liabilities of equity accounted associates is as follows:

Current assets	376	327
Non-current assets	107	105
Current liabilities	(261)	(207)
Non-current liabilities	(24)	(12)
Balance at the end of the financial year	198	213

RECOGNITION AND MEASUREMENT

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under this method, the consolidated entity's share of the post-acquisition profits or losses after tax of associates is recognized in the Statement of Financial Performance and the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognized in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

¹ Revenue as defined in note 3, Operating segments.

² AASB 16 was adopted effective 1 July 2019, and lease commitments disclosures under the old leases accounting standard and interpretations for the current year are not applicable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. INTERESTS IN JOINT OPERATIONS

JOINT OPERATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED	
		2020 %	2019 %
The Group's largest joint operation is listed below. It is not individually material to the Group.			
Kazakh Projects Joint Venture	Energy	50	50

The consolidated entity's interests in the assets and liabilities employed in all joint operations are included in the Statement of Financial Position under the following classifications:

		CONSOLIDATED	
		2020 \$'M	2019 \$'M
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents		21	19
Trade and other receivables		54	59
Total current assets		75	78
TOTAL ASSETS		75	78
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables		68	70
Total current liabilities		68	70
TOTAL LIABILITIES		68	70
NET ASSETS		7	8

RECOGNITION AND MEASUREMENT

The Group recognizes its proportionate interest in the assets, liabilities, revenues and expenses of any joint operations. These balances are incorporated in the financial statements under the appropriate headings.

		CONSOLIDATED	
		2020 \$'M	2019 RESTATED \$'M

24. COMMITMENTS FOR EXPENDITURE

(A) CAPITAL EXPENDITURE COMMITMENTS

Commitments for minimum amount payable for the acquisition of intangible assets or property, plant and equipment are payable as follows:

Within one year	34	19
Later than one year and not later than five years	-	2
Later than five years	-	-
Commitments not recognized in the financial statements	34	21

(B) OPERATING EXPENDITURE COMMITMENTS

Estimated commitments for operating expenditure (primarily in relation to software and information technology) are payable as follows:

Within one year	115	159
Later than one year and not later than five years	99	-
Later than five years	-	-
Commitments not recognized in the financial statements	214	159

(C) LEASE COMMITMENTS

Leases¹

Within one year	1	155
Later than one year and not later than five years	4	318
Later than five years	1	26
Commitments not recognized in the financial statements	6	499

Effective 1 July 2019, the Group adopted AASB 16. A reconciliation of leases commitments as disclosed in the 30 June 2019 annual financial report to the adopted lease liability on 1 July 2019 is found in note 2(A)(v).

Commitments are disclosed net of the amount of GST payable to the taxation authority.

¹ FY2020 data represents leases committed to but not yet commenced. FY2019 represents lease commitments under AASB 117 and related interpretations.

25. CONTINGENT LIABILITIES

(A) GUARANTEES

The Company is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligation.

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
Bank guarantees outstanding at balance date in respect of contractual performance	1,112	894
Commitments not recognized in the financial statements	1,112	894

Contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

(B) ACTUAL AND PENDING CLAIMS

The Company is subject to various actual and pending claims arising in the normal course of business. The Company has regular claims reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The directors are currently of the view that the consolidated entity is adequately provided in respect of these claims in accordance with the accounting policy set out in note 11.

(C) ASBESTOS

Certain subsidiaries acquired as part of the Parsons acquisition (Parsons E&C), have been, and continue to be, the subject of litigation relating to the handling of, or exposure to, asbestos. Due to the continuation and extension of the existing indemnity and asbestos claims administration arrangements between Parsons Corporation and Parsons E&C Corporation, the Group is not aware of any circumstance that is likely to lead to a residual contingent exposure for the Group in respect of asbestos liabilities.

26. SUBSEQUENT EVENTS

Since the end of the financial year, the directors have resolved to pay a final dividend of 25.0 cents per fully paid ordinary share, including exchangeable shares, unfranked (2019: 15.0 cents per share).

In accordance with AASB 110 *Events after the Reporting Period*, the aggregate amount of the proposed final dividend of \$130 million is not recognized as a liability as at 30 June 2020.

Since the end of the financial year, the Group acquired the remaining 50% shareholding of TW Power Services Pty Ltd (TWPS) for a cash consideration of \$20 million, increasing the Group's stake to 100%. TWPS is an operations and maintenance business providing services to support critical power infrastructure across Australia, New Zealand and South East Asia.

Unless disclosed elsewhere in the financial statements, no other material matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

27. PROCUREMENT

In certain situations, the Group will enter into contracts with its customers which require the Group to procure goods and services on behalf of the customer. Where the risks and rewards associated with the procurement activities are assumed by the Group, the revenues and expenses, and assets and liabilities are recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position.

The following procurement revenues and costs, and assets and liabilities have been recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position:

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
REVENUE AND EXPENSES¹		
Procurement revenue at margin	774	412
Procurement costs at margin	(690)	(384)
Procurement revenue at nil margin	2,190	608
Procurement costs at nil margin	(2,190)	(608)
ASSETS AND LIABILITIES²		
Cash and cash equivalents	23	37
Trade and other receivables	301	70
Trade and other payables	276	72

¹ Revenue and expenses exclude procurement revenue and expenses from associates.

² 2019 Procurement assets and liabilities data excludes ECR. No restatement to 2019 procurement data has been made due to the impracticality of collating the data.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
28. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS		
<i>Land and buildings</i>		
At cost	367	367
Accumulated depreciation	(71)	(63)
	296	304
<i>Property RoU assets¹</i>		
At cost	527	n/a
Accumulated amortization	(222)	n/a
	305	n/a
<i>Leasehold improvements</i>		
At cost	299	290
Accumulated amortization	(252)	(238)
	47	52
<i>Plant and equipment and RoU assets¹</i>		
At cost	428	365
Accumulated depreciation	(319)	(278)
	109	87
<i>IT equipment</i>		
At cost	210	186
Accumulated depreciation	(184)	(167)
	26	19
Total property, plant and equipment and RoU assets	783	462

RECONCILIATIONS

Reconciliations of the carrying amounts of each class of property, plant and equipment and RoU assets at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED					
	LAND AND BUILDINGS \$'M	PROPERTY ROU ASSETS \$'M	LEASEHOLD IMPROVEMENTS \$'M	EQUIPMENT AND ROU ASSETS \$'M	IT EQUIPMENT \$'M	TOTAL \$'M
Balance at 30 June 2019 restated	304	n/a	52	87	19	462
Adoption of AASB 16 on 1 July 2019	-	375	-	32	-	407
Additions	-	138	6	32	19	195
Other movements including lease termination options and disposals	-	(13)	8	2	6	3
Impairments	-	(47)	(4)	-	-	(51)
Depreciation	(9)	-	-	(35)	(17)	(61)
Amortization	-	(145)	(14)	(11)	-	(170)
Differences arising on translation of foreign operations	1	(3)	(1)	2	(1)	(2)
Balance at 30 June 2020	296	305	47	109	26	783
Balance at 1 July 2018	10	n/a	17	22	5	54
Additions through business combinations restated	296	n/a	28	70	14	408
Additions	-	n/a	17	8	6	31
Disposals	-	n/a	-	(1)	-	(1)
Other movements	-	n/a	(2)	2	-	-
Depreciation	(4)	n/a	-	(15)	(4)	(23)
Amortization	-	n/a	(9)	-	-	(9)
Differences arising on translation of foreign operations	2	n/a	1	1	(2)	2
Balance at 30 June 2019 restated	304	n/a	52	87	19	462

¹ AASB 16 was adopted on 1 July 2019 as disclosed in note 2(A)(v).

RECOGNITION AND MEASUREMENT

Property, plant and equipment and right of use assets are stated at cost less accumulated depreciation, amortization and impairment, if any.

The Group has undergone a property rationalization program by reducing the number of offices required and increasing utilization of office space. As a result, the Group has recognized an impairment of certain RoUs and related property, plant and equipment as at 30 June 2020 for \$47 million and \$4 million respectively. The property rationalization program also resulted in onerous contract cost provisions recognized as at 30 June 2020 of \$23 million, relating to the service component (non-lease component) of leases considered onerous in line with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. These costs are included in the transformation and restructuring costs in note 5.

The aforementioned assets were impaired on an individual basis where they could be distinguished as a stand-alone asset (generate largely independent cash flows). Where assets could not be individually distinguished, they are grouped and tested within the appropriate CGU as described further in note 10.

The RoU impairments represent the difference between the pre-impairment carrying value at assessment date less the recoverable amount. The recoverable amounts include an assessment of potential sub-lease income, which requires an element of judgment and are based on Management's best estimate.

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
29. DEFERRED TAX		
(A) DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Amounts recognized in the Statement of Financial Performance:		
Allowance for impairment of trade receivables	8	8
Employee benefits provisions	76	49
Warranty provisions	5	4
Project provisions	29	24
Other provisions	80	77
Property, plant and equipment and right of use assets	69	29
Sundry accruals	25	17
Recognized tax losses	87	147
Unused foreign tax credits	3	3
Unrealized foreign exchange losses	4	10
Lease incentives	-	1
Other	(17)	(12)
Total deferred tax assets	369	357
Deferred tax asset and liabilities offset	(61)	(62)
Net deferred tax assets	308	295
Amounts recognized directly in equity:		
Foreign exchange losses	14	8
Deferred tax assets	322	303
Balance at the beginning of the financial year	303	202
Additions through business combinations	-	67
Charged to the Statement of Financial Performance	20	(17)
Charged to equity	6	(2)
Deferred tax offset restatement	-	52
Differences arising on translation of foreign operations	(7)	1
Balance at the end of the financial year	322	303

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. DEFERRED TAX (CONTINUED)

(B) DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

Amounts recognized in the Statement of Financial Performance:

Identifiable intangible assets and goodwill	198	161
Unbilled contract revenue	37	29
Property, plant and equipment and right of use assets	20	17
Unrealized foreign exchange gains	4	3
Prepayments	2	5
Other	(17)	5
Total deferred tax liabilities	244	220
Deferred tax asset and liabilities offset	(61)	(62)
Net deferred tax liabilities	183	158
Amounts recognized directly in equity:		
Other	1	1
Deferred tax liabilities	184	159
Balance at the beginning of the financial year	159	11
Additions through business combinations	-	113
Charged to the Statement of Financial Performance	21	(14)
Charged to equity	-	(1)
Deferred tax offset restatement	-	52
Differences arising on translation of foreign operations	4	(2)
Balance at the end of the financial year	184	159

RECOGNITION AND MEASUREMENT

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognized in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time did not affect either accounting profit or taxable profit and loss.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax amounts relating to items recognized directly in equity are also recognized in equity and not in the Statement of Financial Performance.

KEY ESTIMATES

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences.

30. DEFINED BENEFIT PLANS

The Group operates defined benefit pension plans which requires contributions to be made to a separately administered fund. Also, the Group provides certain post-employment healthcare benefits to employees (unfunded). Except for plans in Saudi Arabia, all plans are closed to the new participants.

The balances in relation to defined benefit plans are as follows:

	CONSOLIDATED	
	2020 \$'M	2019 \$'M
Amounts recognized in the Statement of Financial Position:		
Net defined benefits liability	65	59

RECOGNITION AND MEASUREMENT

Defined benefit obligation calculation is performed by qualified actuaries using the projected credit method.

The Group's net obligation in respect of defined benefits plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned, discounted with the fair value of the plan assets deducted.

Remeasurements of the net defined benefit liability, which comprise actual gains and losses, the return on plan assets and any asset ceilings where applicable are recognized in OCI. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest expense and other expenses relating to defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized in profit and loss. Gains and losses on settlement of a defined benefit plan are recognized when settlement occurs.

KEY ESTIMATES

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of AA corporate bonds in countries where the defined benefit obligations are recognized along with the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

31. RELATED PARTIES

(A) DIRECTORS

The names of persons who were directors of the Company at any time during the financial year were as follows:

John Grill, AO (Chairman)

Andrew Liveris, AO (Deputy Chairman from 24 February 2020)

Christopher Haynes, OBE (Lead Independent Director from 22 October 2019)

Catherine Livingstone, AO (Retired 21 October 2019)

Thomas Gorman

Roger Higgins

Martin Parkinson, AC (Appointed 24 February 2020)

Juan Suárez Coppel

Anne Templeman-Jones

Wang Xiao Bin

Sharon Warburton

Chris Ashton (Chief Executive Officer appointed 24 February 2020)

Andrew Wood (Chief Executive Officer retired 24 February 2020)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(B) OTHER RELATED PARTIES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Aggregate amounts brought to account in relation to other transactions with each class of other related parties were as follows:		
<i>Loans advanced to:</i>		
Net loan repayments from:		
Associates and related parties	7,000	(2,800)
<i>Dividends received from:</i>		
Dividend revenue from associates	7,000	7,800
Aggregate amounts, receivable from, and payable to, each class of other related parties at balance date were as follows:		
<i>Current receivables</i>		
Associates and related parties	56,000	48,100
<i>Current payables</i>		
Associates and related parties	-	13,400

Related entities provide specific advisory services to controlled entities in the normal course of business. These transactions are made on normal terms and conditions and at market rates.

(C) CONTROLLING ENTITIES

Worley Limited is the ultimate Australian parent company.

	CONSOLIDATED	
	2020 \$	2019 RESTATED ¹ \$

32. REMUNERATION OF AUDITORS

REMUNERATION OF ERNST & YOUNG (AUSTRALIA)

Remuneration for audit or review of the financial reports of the parent entity or any other entity in the Group:

Fees for auditing the statutory financial reports of the Parent and any controlled entities covering the Group	3,093,937	3,020,304
<i>Fees for non-audit services:</i>		
-Tax related services	9,985	-
-Other non-audit services	100,056	128,413
Total fees to Ernst & Young (Australia)	3,203,978	3,148,717

REMUNERATION OF OVERSEAS MEMBER FIRMS OF ERNST & YOUNG

Fees for auditing the statutory financial reports of the Parent and any controlled entities covering the Group	3,194,985	2,924,843
Fees for auditing the statutory financial reports of any controlled entities excluded from the Group audit	1,818,018	1,499,974
<i>Fees for non-audit services:</i>		
-Tax related services	680,735	478,005
-Other non-audit services	74,940	7,760
Total fees to overseas member firms of Ernst & Young	5,768,678	4,910,582

Total remuneration of Ernst & Young

Other auditors of controlled entities	281,994	146,752
Total Audit remuneration	9,254,650	8,206,051

	CONSOLIDATED	
	2020 \$	2019 \$

33. KEY MANAGEMENT PERSONNEL

Short term employee benefits	14,492,000	9,245,000
Post-employment benefits	284,000	193,000
Termination benefits	1,737,000	-
Other long term benefits	60,000	51,000
Share based payments	5,854,000	3,823,000
Total compensation	22,427,000	13,312,000

¹ The FY2019 fee was restated for presentation purposes following completion of audit fee assessment in FY2020 in relation to the ECR acquisition in FY2019.

34. PARENT ENTITY DISCLOSURES

(A) PARENT ENTITY

Worley Limited parent entity financial statements include investments in the following entities:

ENTITY	COUNTRY OF INCORPORATION	2020 \$'M	2019 \$'M
Worley SPV1 Pty Limited	Australia	2,977	2,977
Worley Financial Services Pty Limited	Australia	440	440
Worley Canada Holdings Pty Limited	Australia	198	198
Worley Canada Callco Ltd	Canada	121	121
Worley Engineering Pty Limited	Australia	100	100
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	94	94
		3,930	3,930

The parent entity's summary financial information as required by the *Corporations Act 2001* is as follows:

	2020 \$'M	2019 \$'M
<i>STATEMENT OF FINANCIAL PERFORMANCE</i>		
Profit/(loss) before income tax expense	363	(6)
Income tax expense	(1)	(3)
Profit/(loss) after income tax	362	(9)
Profit/(loss) attributable to members of Worley Limited	362	(9)
Retained profits at the beginning of the financial year	(40)	69
Adoption of AASB 9 on 1 July 2018, net of tax	-	(1)
Net dividends paid ¹	(208)	(99)
Retained profits at the end of the financial year	114	(40)
<i>STATEMENT OF COMPREHENSIVE INCOME</i>		
Profit/(loss) after income tax expense	362	(9)
Total comprehensive income, net of tax	362	(9)
<i>STATEMENT OF FINANCIAL POSITION</i>		
Current assets	1,634	1,801
Total assets	5,567	5,636
Current liabilities	57	319
Total liabilities	84	338
Net assets	5,483	5,298
Issued capital	5,301	5,283
Performance rights reserve	68	55
Retained profits	114	(40)
Total equity	5,483	5,298

The parent entity has bank guarantees in respect of contractual performance outstanding at 30 June 2020 for the amount of nil (2019: \$nil). These commitments have not been recognized in the financial statements.

The parent entity has no commitments for expenditure.

¹ Dividends paid by the parent entity exclude dividends paid to holders of exchangeable shares.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(B) CLOSED GROUP

Worley Limited together with Worley No 2 Pty Limited, Worley Engineering Pty Limited, Worley Financial Services Pty Limited, Worley Services Pty Limited, Engineering Securities Pty Limited, Advisian Group Pty Limited, Advisian Pty Ltd, Worley SPV1 Pty Limited, Worley EA Holdings Pty Limited, Worley Infrastructure Holdings Pty Limited, Worley SEA Pty Limited, Worley South America Holdings Pty Limited and Worley Africa Holdings Pty Limited, Energy Resourcing Australia Pty Limited, INTECSEA Pty Ltd and Worley ECR Pty Ltd (added in FY20) entered into a Deed of Cross Guarantee. The effect of the deed is that Worley Limited has guaranteed to pay any deficiency in the event of the winding up of the abovementioned controlled entities. The controlled entities have also given a similar guarantee in the event that Worley Limited is wound up. As a result, ASIC Corporations Instrument 2016/785 relieves certain of the controlled entities from the Corporations Act 2001 requirements for preparation, audit and lodgment of financial reports.

The Statement of Financial Performance and Statement of Financial Position of the entities which are parties to the Deed of Cross Guarantee and The Worley Limited Trust (Closed Group) are as follows:

	CLOSED GROUP	
	2020 \$'M	2019 \$'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	137	117
Income tax expense	(30)	(25)
Profit after income tax expense	107	92
Profit attributable to members of Worley Limited	107	92
Retained profits at the beginning of the financial year	772	831
Adoption of AASB 9 on 1 July 2018, net of tax	-	(52)
Retained profits of entities that became party to the deed during the financial year	38	-
Dividends paid ¹	(208)	(99)
Retained profits at the end of the financial year	709	772
STATEMENT OF FINANCIAL POSITION		
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	9	21
Trade and other receivables	2,270	2,098
Other current assets	62	62
Total current assets	2,341	2,181
<i>Non-current assets</i>		
Deferred tax assets	66	61
Intangible assets	256	260
Property, plant and equipment	12	4
Other non-current assets	5,651	5,273
Total non-current assets	5,985	5,598
TOTAL ASSETS	8,326	7,779
LIABILITIES		
<i>Current liabilities</i>		
Trade and other payables	1,753	1,475
Provisions	114	67
Derivatives	3	-
Total current liabilities	1,870	1,542
<i>Non-current liabilities</i>		
Trade and other payables	9	6
Interest bearing loans and borrowings and lease liabilities	381	183
Deferred tax liabilities	16	11
Total non-current liabilities	406	200
TOTAL LIABILITIES	2,463	1,742
NET ASSETS	6,050	6,037
EQUITY		
Issued capital	5,301	5,283
Reserves	40	(18)
Retained profits	709	772
TOTAL EQUITY	6,050	6,037

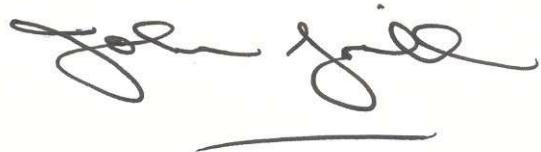
¹ Dividends paid by the Closed Group exclude dividends paid to holders of exchangeable shares.

Directors' declaration

In accordance with a resolution of the directors of Worley Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(A);
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 34(B) will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. This declaration has been made after receiving the declarations required to be made to the directors from the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 For the financial year ended 30 June 2020.

On behalf of the Board



JOHN GRILL, AO

Chairman

Sydney, 26 August 2020



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working world

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Independent Auditor's Report to the Members of Worley Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Worley Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of financial performance and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Revenue Recognition and Measurement

Why significant	How our audit addressed the key audit matter
<p>The Group recognises revenue from contracts with customers as performance obligations are fulfilled over time. This occurs when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.</p> <p>When the revenue is recognised, estimates can be required due to the nature and extent of varying contract conditions, which are unique and can be complex.</p> <p>The accurate recording of revenue is highly dependent upon the following factors:</p> <ul style="list-style-type: none">▶ Appropriate knowledge of individual contract characteristics and status of work - key characteristics would be the industry and/or geography of the project and length and type of contract (lump sum basis or time and materials basis);▶ Determination of variable consideration, including performance incentives, which are recognised from the outset of the contract but only to the extent that it is highly probable that a significant revenue reversal will not occur; and▶ Determination of claims received from customers, including an assessment of the probability that such claims will result in an outflow of economic resources. <p>This matter was considered a key audit matter given the complexity of the contracts and the level of judgement required to estimate the amount of revenue recognised.</p> <p>The Group's disclosures are included in Note 4 of the financial report.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">▶ We assessed whether the policies and methodology used by the Group to recognise revenue met the requirements of Australian Accounting Standards.▶ We assessed the effectiveness of the Group's controls in the following areas:<ul style="list-style-type: none">○ initiation, processing and approval of new customers and/or contracts;○ review and approval of project costs incurred;○ authorisation of monthly project variations;○ review and assessment of significant changes in work in progress balances; and○ review of unapproved variations and claims.▶ Performed data analytical procedures to corroborate the expected correlation between revenue and related accounts during the year.▶ We selected a sample of contracts based on qualitative and quantitative factors and performed the following procedures:<ul style="list-style-type: none">○ reviewed contract terms and conditions and assessed whether the individual characteristics of each contract were appropriately accounted for;○ assessed the Group's ability to deliver budgeted contract margins by analysing the historical accuracy of forecasting margins and the relationship of contract cost versus billing status;○ agreed material contract revenue and cost variations and claims to information provided by third parties;○ assessed any variable consideration and the basis for recognition and measurement;○ assessed related contract provisions and the probability of a reversal of revenue with reference to contract terms and customer claims; and○ for contracts accounted for using the percentage of completion method, we assessed the forecast cost to complete calculations.▶ We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

2. Impairment of trade receivables

Why significant

An allowance for impairment is made by the Group for the expected credit losses associated with its trade receivables and unbilled contract revenue. The Group has \$430 million of trade receivables and unbilled contract revenue as at 30 June 2020 that are more than 121 days past due with an associated impairment allowance of \$53 million, as disclosed in Note 19(B).

The Group applies a lifetime expected loss model to measure expected credit losses. The Group uses judgment in making the assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking assumptions.

This was a key audit matter due to the judgement involved in making the assumptions and selecting the inputs to the impairment calculation.

The Group's disclosures are included in Notes 8 and 19(B) of the financial report.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We assessed whether the process for recognising impairment of trade receivables met the requirements of Australian Accounting Standards.
- ▶ We assessed the Group's estimates of the expected credit losses, with reference to historical losses and the ageing of trade receivables and unbilled contract revenue.
- ▶ We selected a sample of trade receivables and unbilled contract revenue based on qualitative and quantitative factors and performed the following procedures:
 - We analysed the ageing of trade receivables, past payment and credit history of the customers;
 - We assessed the economic environment applicable to these customers, including the impact of COVID-19 and oil price fluctuations;
 - We considered the historical accuracy of forecasting expected credit losses;
 - Where applicable we evaluated evidence from legal and external experts; and
 - We evaluated the Group's assessment of collectability considering the process to achieve recovery, the likely timing of these processes and events that could delay or impact the collectability.
- ▶ We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

3. Impairment of Goodwill

Why significant	How our audit addressed the key audit matter
In accordance with the requirements of Australian Accounting Standards, the Group performed an annual impairment test of goodwill after allocating goodwill to groups of cash-generating units (CGUs) that are expected to benefit from the synergies of the related business combination.	Our audit procedures included the following: <ul style="list-style-type: none">▶ We assessed whether the methodology used by the Group met the requirements of Australian Accounting Standards.▶ We assessed the allocation of the ECR goodwill to the groups of CGUs, with reference to the value in use models on acquisition and synergies identified from the business combination.▶ We involved our valuation specialists in performing the following procedures relating to the value in use models of the Group's CGUs:<ul style="list-style-type: none">○ We assessed the basis of preparing cash flow forecasts considering the impact of COVID-19 and oil price fluctuations, historical accuracy of previous forecasts and board approved budgets and current trading performance;○ We assessed the appropriateness of other key assumptions such as the discount rates and growth rates with reference to publicly available information on comparable companies in the industry and markets in which the Group operates;○ We tested the mathematical accuracy of the cash flow models; and○ We performed sensitivity analyses and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of the cash generating unit to exceed its recoverable amount.▶ We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.
During the year ended 30 June 2020, the purchase price allocation from the acquisition of the Energy, Chemicals and Resources division from Jacobs Engineering Group Inc. ("ECR") was finalised, and goodwill recognised on the acquisition was allocated to the CGUs.	
A value in use model based on discounted cash flow forecasts is used to calculate the recoverable amount of each group of CGUs. The cash flow forecasts and growth rates include consideration of the impact on COVID-19 and oil price fluctuations on the business.	
This was considered to be a Key Audit Matter due to the level of judgement required to forecast cash flows and discount rates used to calculate the recoverable amount of each Group of CGUs.	
The Group's disclosures are included in Note 10 of the financial report.	

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 50 to 78 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Worley Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.



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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Scott Jarrett
Partner
Sydney
26 August 2020

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Shareholder information

TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 3 AUGUST 2020

	NAME	SHARES	% OF ISSUED CAPITAL	RANK
CITICORP NOMINEES PTY LIMITED		165,440,502	31.77	1
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		92,631,758	17.79	2
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		63,068,025	12.11	3
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED		51,434,461	9.88	4
NATIONAL NOMINEES LIMITED		22,688,192	4.36	5
WILACI PTY LIMITED <THE SERPENTINE A/C>		11,390,562	2.19	6
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>		8,918,355	1.71	7
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>		7,804,727	1.50	8
BNP PARIBAS NOMS PTY LTD <DRP>		6,437,077	1.24	9
SERPENTINE FOUNDATION PTY LIMITED <SERPENTINE FOUNDATION A/C>		5,400,000	1.04	10
MR JOHN MICHAEL GRILL		2,826,277	0.54	11
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>		2,318,470	0.45	12
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLT SUPER CORP A/C>		2,292,360	0.44	13
HAJU PTY LIMITED <HAJU A/C>		1,715,000	0.33	14
JUHA PTY LIMITED <JUHA A/C>		1,704,289	0.33	15
TAYLOR SQUARE DESIGNS PTY LTD		1,423,641	0.27	16
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>		1,351,175	0.26	17
SANDHURST TRUSTEES LTD <HARPER BERNAYS LTD A/C>		1,066,515	0.20	18
A&J WANG PTY LTD <A&J FAMILY A/C>		1,000,000	0.19	19
UBS BANK CANADA TR CHALET HOLDING INC		920,000	0.18	20
Total		451,831,386	86.78	

Total number of current holders for all named classes is 28,356.

The table above includes exchangeable shares. The ASX treats these shares as having been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules.

SUBSTANTIAL HOLDERS OF 5% OR MORE OF FULLY PAID ORDINARY SHARES AS AT 6 AUGUST 2020*

NAME	NOTICE DATE	SHARES
Dar Al-Handasah Consultants Shair and Partners Holdings Ltd (Dar)	14 November 2019	118,544,857
Jacobs Engineering Group Inc	25 June 2019	51,381,257
John Grill & associated companies	16 November 2018	34,336,128
T. Rowe Price Associates, Inc	16 June 2020	27,400,338

* As disclosed in substantial shareholder notices received by the Company.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 3 AUGUST 2020

	HOLDERS	SHARES	% OF ISSUED CAPITAL
1 – 1,000	17,248	6,985,359	1.34
1,001 – 5,000	8,969	20,560,736	3.94
5,001 – 10,000	1,317	9,551,091	1.83
10,001 – 100,000	749	17,811,117	3.42
100,001 and over	73	466,568,942	89.47
Total	28,356	521,477,245	100.00

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum \$500 parcel at \$7.82 per unit	64	1,710	58,721

The table above includes exchangeable shares. The ASX treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. In addition to the shares set out in the table, there is one special voting share issued to Computershare Trust Company of Canada Limited as part of the consideration for the acquisition of the Colt Group.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. In the case of the exchangeable shares, voting rights are provided through the special voting share which carries an aggregate number of votes equal to the number of votes attached to the ordinary shares into which the exchangeable shares are exchangeable.

Glossary

\$, \$m Australian dollars unless otherwise stated, Australian millions of dollars.

Americas Region encompassing North America and Latin America.

APAC Region encompassing Australia, Pacific, Asia and China.

ASIC Australian Securities and Investments Commission

ASX Australian Securities Exchange

Backlog Backlog is the total dollar value of the amount of revenues expected to be recorded as a result of work performed under contracts or purchase/work orders already awarded to the Group.

With respect to discrete projects an amount is included for the work expected to be received in the future. For multi-year contracts (i.e. framework agreements and master services agreements) and Operations and Maintenance contracts we include an amount of revenue we expect to receive for 36 months, regardless of the remaining life of the contract.

Due to the variation in the nature, size, expected duration, funding commitments and the scope of services required by our contracts and projects, the timing of when the backlog will be recognized as revenue can vary significantly between individual contracts and projects.

Board The board of directors of the Company.

CEO Chief Executive Officer.

Company or **Worley** Worley Limited ACN 096 090 158.

Downstream The refining of petroleum crude oil and the processing and purifying of raw natural gas, as well as the marketing and distribution of products derived from crude oil and natural gas.

EBIT Earnings before interest and tax.

EBITA Earnings before interest and tax and amortization on acquired intangibles.

ECR Energy, Chemicals and Resources division acquired from Jacobs Engineering Group Inc in the financial year 2019.

EMEA Region encompassing Europe, Middle East and Africa.

EPC Engineering, Procurement and Construction.

EPC contract Under an EPC contract, we will generally be responsible for the design of, the procurement of equipment and materials for, and the construction and commissioning of, an asset, such as a power station. This will generally require us to ensure that the completed asset meets certain specified performance targets. To do so, we will generally procure the necessary equipment and materials and engage various sub-contractors ourselves.

EPCM Engineering, Procurement and Construction Management.

EPCM contract Under an EPCM contract, we will generally be responsible for providing our professional services, but unlike an EPC contract, will not be responsible for delivering a completed asset to our customer. Instead, we will provide engineering and design services to our customer, procure equipment but only as agent for our customer and manage our customer's other suppliers as the customer's representative. We will generally be paid an hourly rate for the services we provide.

EPS Earnings per share. Determined by dividing the Group NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year.

Executive Executives include both executive directors and group executives and have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Front end engineering design (FEED) Basic engineering design providing owners and their financiers with information enabling them to determine whether or not, and if so how, to commit resources to a proposed project to maximize its projected returns.

FY2019 and **FY2020** financial year 2019 and financial year 2020.

GDP Gross domestic product. The total value of final goods and services produced within a country during a specified time period.

Group Worley Limited and the entities it controls.

GLOSSARY

HSS Health, safety and sustainability.

Jacobs Jacobs Engineering Group Inc.

Key management personnel (KMP) Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. KMP comprise executives and non-executive directors.

Midstream The transport (by pipeline, rail, barge or truck), storage, and wholesale marketing of crude or refined petroleum products.

MMO Maintenance, Modifications and Operations activities.

NPAT (net profit after tax) The net profit earned by the Group after deducting all expenses including interest, depreciation and tax. From time to time, in determining outcomes under the incentive plans, the Board may use its discretion to apply the underlying NPAT which in the Board's opinion reflects the Company's operating results.

NPATA (net profit after tax before amortization of acquired intangibles) The net profit after tax excluding the post tax impact of amortization on intangible assets acquired through business combinations. From time to time, in determining outcomes under the incentive plans, the Board may use its discretion to apply the underlying NPATA which in the Board's opinion reflects the Company's operating results.

Non-executive director (NED) Non-executive directors of the entity have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

TSR (Total shareholder return) Provides a measure of the change in the value of the Company's share price over a period.

Upstream The searching for potential underground or underwater crude oil and natural gas fields, drilling of exploratory wells, and the subsequent drilling and operation of the wells that recover and bring the crude oil and/or raw natural gas to the surface.

Corporate information

Worley Limited
ACN 096 090 158

DIRECTORS

John Grill, AO (Chairman)
Andrew Liveris, AO (Deputy Chairman)
Christopher Haynes, OBE (Lead Independent Director)
Thomas Gorman
Roger Higgins
Martin Parkinson, AC
Juan Suárez Coppel
Anne Templeman-Jones
Wang Xiao Bin
Sharon Warburton
Chris Ashton (Chief Executive Officer)

GROUP COMPANY SECRETARY

Nuala O'Leary

REGISTERED OFFICE

Level 15
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

Arab Banking Corporation
Bank of America Merrill Lynch
Bank of China
Barclays Bank
Bank ABC
BMO Harris Bank
BNP Paribas
China Merchants Bank
Commonwealth Bank of Australia
Credit Agricole Corporation and Investment Bank
First Abu Dhabi Bank
HSBC Bank
ING Bank
Intesa Sanpaolo Bank
JPMorgan Chase
Mizuho Bank
Macquarie Bank
Royal Bank of Canada
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
UBS AG
U.S. Bank National
Wells Fargo
Westpac Banking Corporation

LAWYERS

Herbert Smith Freehills

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia
Phone: 1300 850 505

ANNUAL GENERAL MEETING

Worley 2020 Annual General Meeting will be held on Friday 23 October 2020. Meeting details will be included in the Notice of Meeting. Closure date for receipt of director nominations is Friday 4 September 2020.

