

No dividend increase

Company/ASX Code	WOR
AGM time and date	10.00am AEDT Thursday, 21 November 2024
Location	Radisson Blu Plaza Hotel 27 O'Connell St, Sydney NSW
Registry	Computershare
Type of meeting	Physical with webcast
Monitor	Gary Barton
Pre-AGM Meeting	Yes, with John Grill, Chairman, Emma Stein, Chair of Remuneration and Senior Group Director Investor Relations Verena Preston

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

1. How we intend to vote

1	To receive and consider the Financial Report	
2	a) To re-elect Mr. Thomas Gorman as a director of the Company b) To re-elect Mr. Andrew Liveris AO as a director of the Company c) To re-elect Ms. Emma Stein as a director of the Company d) To elect Mr. Kim Gillis AM as a director of the Company e) To elect Ms. Alison Kitchen AM as a director of the Company	For
3	To adopt the Remuneration Report	Against
4	Grant of deferred equity rights to Mr. Robert Christopher Ashton	Against
5	Grant of long-term performance rights to Mr. Robert Christopher Ashton	Against
6	Approval of the Company's Employee Share Plan	For
7	Approval of changes to the Company's Constitution	For

2. Summary of Issues and Voting Intentions for AGM

For the upcoming AGM of Worley Ltd (ASX: WOR), shareholders have raised several concerns. Despite the company's revenue growth and an increase in earnings per share for the 2024 financial year, these positive financial results have not translated into higher dividends for shareholders. One reason is DOW exceeded their dividend policy payout ratio of 50 -70%, to maintain the dividend at 50 cps in FY21, FY22 and FY23 with a payout ratio of 94%, 80%, and 76% respectively.

Additionally, the share price has decreased in 2024 after almost getting back to the levels it enjoyed in 2018 and 2019, and 1 year TSR was negative, although 3-year total shareholder return was 83.5%.

In contrast, executive bonuses have increased with equity having been issued at the lower share price, which raises questions about the alignment between executive compensation and shareholder returns in more cyclical businesses.

Consequently, shareholders intend to vote against the adoption of the remuneration report and the grants of deferred equity rights and long-term performance rights to the CEO, Chris Ashton.

ASA will vote open proxies in favour of the re-election and election of directors, approval of the company's Employee Share Plan, and the changes to the company's constitution.

3. Matters Considered

Accounts and reports

Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	303	37	177	82	171
UPAT (\$m)	352	281	258	202	338
Share price (\$)	14.98	15.79	14.24	11.96	8.72
Dividend (cents)	50	50	50	50	50
Simple TSR (%)	-2	14	23	41	-37
EPS (cents)	57.5	7.0	32.8	15.7	30.3
CEO total remuneration, actual (\$m)	7.500	6.187	4.125	5.695	6.078

Simple TSR is calculated by dividing change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Governance and culture

Worley Limited's commitment to strong governance and a positive culture is evident through its robust framework and practices. The company has 11 board members, with 3 directors being re-elected, 2 retiring and 2 new members being elected. Worley has published a comprehensive Corporate Governance Statement, [wor-corporate-governance-statement-2024.pdf](#). Furthermore, Worley has made significant strides in increasing the representation of women in its workforce and is continuously enhancing its sustainability efforts. This focus on diversity and sustainability is crucial for aligning with global standards and creating long-term value for all stakeholders.

Key events

Worley Ltd has demonstrated impressive financial performance in FY24, with revenues spiking to \$11.8 billion, a 4.2% increase from FY23.

The company's profit after tax rose by \$266million to \$303 million, while the earnings per share (EPS) also saw a significant increase to 57.5 cents per share.

Additionally, Worley welcomed two new directors to the board, bringing fresh perspectives and expertise to the company.

In a notable transaction, Shira (formerly Dar Group) sold 19% of Worley's shares on the market, marking a significant change in the company's ownership structure.

Worley has also intensified its commitment to sustainability, with sustainability-related projects greatly increasing.

This focus on sustainable and transitional work underscores Worley's dedication to supporting the global transition to lower carbon energy sources while continuing to provide essential energy, chemicals, and resource.

Key board changes

On 30 June 2024, directors Anne Templeton-Jones and Wang Xiao Bin retired from the board. Subsequently, on 1 July 2024, Kim Gillis and Alison Kitchen were appointed as new directors. Kim Gillis joined the nominations committee, while Alison Kitchen became a member of both the Audit and Risk Committee and the Nominations Committee.

Sustainability/ESG

The company continues to represent sustainability issues in diverse forums. This year, they:

- Are on track to meet their Scope 1 and Scope 2 net zero commitments
- Are included in Dow Jones Sustainability Index for Australia
- Achieved Silver EcoVadis sustainability rating
- Issued third thought leadership paper with Princeton – From Ambition to Reality: Steps to accelerate net zero delivery
- Retained B score on CDP, a carbon disclosure framework, which is the leading rating category amongst their peers
- They grew their sustainability related business. They aspire to derive 75% of their revenue from sustainability related work by the end of 2026
- They made an Initial \$100m strategic investment in organic growth including carbon capture and storage, low carbon hydrogen, battery materials and low carbon fuels
- Transforming their culture by providing their people with opportunities to learn, develop and drive sustainable solutions with their customers and suppliers
- Developing a plan to support biodiversity and nature positivity in the company's project work.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

- Worley's board does not have at least 40% female directors. As of 30 June 2024, it has 4 female directors out of 11 directors (36%)
- The company has a different remuneration structure to other ASX listed companies, besides fixed remuneration they have:
 - A short-term incentive in cash which is paid over one year if executives achieve certain targets.
 - A deferred Equity Plan which is paid in equity in two equal tranches over two and three years.
 - A long-term Incentive which is paid in equity after four years.

4. Rationale for Voting Intentions

Resolution 2a) That Mr Thomas Gorman is re-elected as a director of the Company - for

Thomas was appointed to the Board effective 18 December 2017. He's a member of the Health, Safety and Sustainability Committee, the People and Remuneration Committee and the Nominations Committee. Thomas is a director of three other ASX listed companies Sims Limited, Orara Limited and Alcoa Corporation. Thomas is a resident of the United States of America. ASA will support Thomas's re-election.

Resolution 2b) That Mr Andrew Liveris AO is re-elected as a director of the Company - for

Andrew was appointed to the Board effective 5 September 2018. He's the Deputy Chair, Lead Independent Director and a member of the Nominations Committee. Andrew is a director of IBM and Saudi Aramco. Andrew is the President of Brisbane 2032 Organising Committee for the Olympic Games (OCOG). Andrew is a resident of the United States of America and Australia. ASA will support Andrew's re-election.

Resolution 2c) That Ms Emma Stein is re-elected as a director of the Company - for

Emma was appointed to the Board effective 10 December 2020. She is Chair of the People and Remuneration Committee and a member of the Health, Safety and Sustainability Committee and Nominations Committee. Emma was a former director of seven Australian companies. Emma is a resident of Australia. ASA will support Emma's re-election.

Resolution 2d) That Mr Kim Gillis AM is elected as a director of the Company – for

Kim was appointed to the Board effective 1 July 2024. He is a member of the Nominations Committee. Kim is a Board member of Ultra Maritime - Advent International, Chair of Avincis Aviation. Kim holds a Bachelor of Arts degree in business administration with a major in legal studies from University of Canberra. He is a qualified Master Project Director (AIPM), a Member of the Order of Australia (Public Administration and Defence projects, 2020) and Fellow of the International Centre for Complex Project Management. Kim is a resident of Australia. ASA will support Kim's election.

Resolution 2e) That Ms Alison Kitchen AM is elected as a director of the Company - for

Alison was appointed to the Board effective 1 July 2024. She's a member of the Audit and Risk Committee and the Nominations Committee. Alison has more than 30 years' experience in management and governance roles within the KPMG partnership and as lead external audit partner for a range of ASX-listed organizations, including five ASX Top 50 companies with global

operations. Alison has worked in geographically diverse and complex operating environments and provided advice to industries including energy, mining, transport and financial services. Alison is a non-executive director and audit committee chair of National Australia Bank, and of AirTrunk Australia Holding Pty Ltd, and a non-executive director of Business Council of Australia and Pro Chancellor of Australia National University. Alison was awarded a Member of the Order of Australia in 2024. She holds a Bachelor of Arts in Business Studies from the University of Sheffield. She is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Australian Institute of Company Directors. Alison is a resident of Australia. ASA will support Alison's election.

Resolution 3 To adopt the Remuneration Report - against

Worley Limited's remuneration report and our intention to cast proxies against both the Remuneration Report and equity grant motions, while the executives have met their targets, which we consider to be too low. The absolute 12 month Total Shareholder Return was minus 2.3% for FY24 (see p8 NOM) and while the 3-year TSR was 83.5%, the share price is hovering around the price of 5 years ago of \$14.57 (at the end of FY19).

Resolution 4 Grant of deferred equity rights to Mr Robert Christopher Ashton - against

The KPI target for deferred equity rights is the growth in Gross Margin delivered from sustainability-related projects. Worley achieved \$1,465 million in Gross Margin from sustainability-related work, which is only 4.6% above their target. We consider this to be a low hurdle. They met the growth hurdle over two years. Mr. Ashton's maximum STI opportunity increased from 150% to 172.5% of fixed remuneration effective 1 December 2023. Effective from FY25, his maximum DEP opportunity is increasing from 70% to 100% of fixed remuneration. ASA will be voting against this resolution.

Resolution 5 Grant of long-term performance rights to Mr Robert Christopher Ashton - against

Worley Limited has proposed the grant of long-term performance rights to Mr. Robert Christopher Ashton. This initiative involves the allocation of long-term Incentive (LTI) awards, divided into two equal tranches, each with its unique performance criteria. Tranche 1 focuses on Relative Total Shareholder Return (TSR), measuring the change in Worley's share price over a four-year period against a set of international companies (Aker Solutions, AtkinsRéalis, Bilfinger, Fluor Corp, McDermott International, Petrofac, Technip Energies, and Wood Group). This tranche has a 25% weighting and achieved a percentile ranking of 37.5, below the 50th percentile threshold, resulting in nil vesting. Additionally, Worley included a subset of ASX-200 listed industrial, materials, and energy companies with a 25% weighting, achieving a vesting of 21.7% out of 25%.

Tranche 2 focuses on Earnings Per Share (EPS) CAGR above the Australian Consumer Price Index (CPI) over the performance period, which also resulted in nil vesting. The LTI opportunity has increased from 115% to 175%, with 82% of Mr. Ashton's remuneration subject to achieving performance hurdles and 50% of his maximum opportunity delivered in equity.

Worley has adjusted the criteria for the LTI to make it easier for executives to achieve their targets. Due to these changes, the ASA is voting against this resolution.

Resolution 6 Approval of the Company's Employee Share Plan - for

ASA will support this resolution.

Resolution 7 Approval of the Company's Constitution - for

ASA will support this resolution. While ASA guidelines do not support a constitutional maximum number of directors, believing shareholders should have the flexibility to appoint an additional director without having to remove existing directors. The company has no vacancy as it is, and we support introducing a more streamlined board.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY24	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.198	30%	2.198	23%
STI - Cash	2.438	33%	3.657	37%
STI - Equity	1.495	20%	1.495	15%
LTI	1.228	17%	2.456	25%
Total	7.358	100%	9.805	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *The CEO's fixed remuneration and STI opportunities for FY24 are pro-rated according to the pay change made on 1 December 2023 (i.e. 5 months of old framework, 7 months of new framework). His equity grants were based on the old framework, as grants were made prior to the change. Target LTI assumes 50% vesting, and maximum LTI assumes 100% vesting, aligned to the pay mix graphs on page 90 of the Remuneration Report.

The performance outcome for their FY23 Deferred Equity Plan (DEP) was \$1,465 million

Their FY21 Long-Term Incentive (LTI) grant consisted of two equal tranches subject to relative Total Shareholder Return (TSR) and earnings per share (EPS) growth, both measured over four years. The Board determined that 43.4% of TSR rights will vest. EPS compound annual growth was below threshold over the performance period. As such, no EPS rights will vest. The overall vesting outcome for grant was therefore 21.7%.