

# **Worley Limited**

## **Sustainability-Linked Bond Framework**

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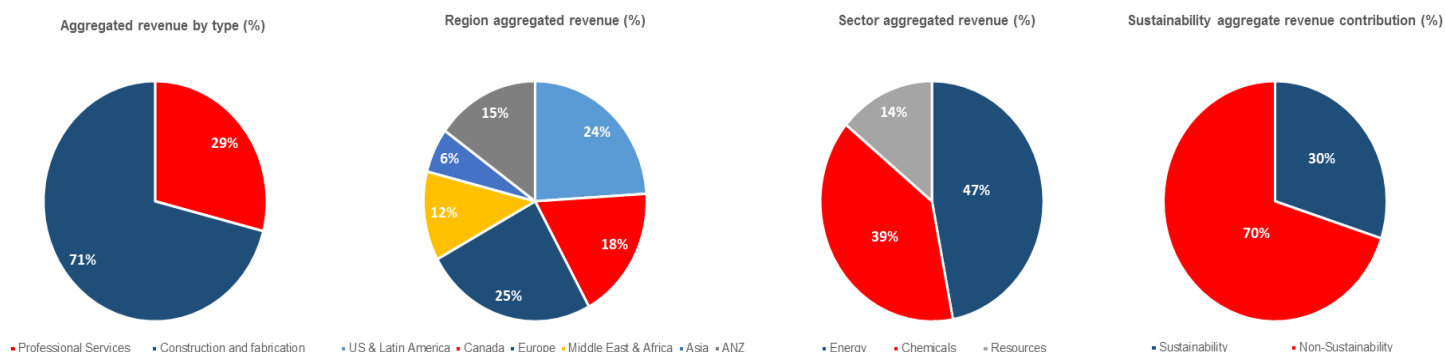
## **Section 1: Business Overview**

Worley Limited (ASX ticker: "WOR") ("Worley") is a leading global provider of professional project and asset services in the energy, chemicals and resources sectors. Headquartered in Sydney, Worley is Australia's largest exporter of knowledge based services. Worley delivers projects, provides expertise in engineering, procurement and construction and offers a wide range of consulting and advisory services that cover the full asset/project lifecycle, from creating new assets/projects to sustaining and enhancing, and in some cases decommissioning operating assets. The Group uses this position to support its customers across the world transition towards a low-carbon future.

In late 2019 Worley underwent one of the most transformative and dynamic changes in its history with the completion of the acquisition of the Energy, Chemicals and Resources division of Jacobs Engineering Group Inc. ("ECR"), which approximately doubled the size of the business.

Following the ECR acquisition Worley is a more resilient business, with increased diversification across geographies and sectors as well as greater exposure to customers' operating expenditures which are historically less variable in periods of industry downturn. As reported in the FY2020 Annual Report, the business has a lower exposure to upstream oil and gas capital expenditure which now represents only 20% of the business and has also increased exposure to the less cyclical chemicals sector. Revenue derived from customers' operating expenditures now represents 45% of total revenue, with these operating expenditure contracts, typically being longer term and multi-year in nature.

Worley's business is well diversified across geographies, sectors and service offerings. As presented in Worley's 2021 half year reporting, this diversification is reflected as below:



*Figure 1: Worley's strength in diversification*

Worley's strategic architecture integrates three levels of insight to create a comprehensive strategy that is responsive to the changing industry and global context:

- understanding the mega trends and shifts that shape the external environment in which Worley operates (*Figure 2*)
- identifying and prioritising markets, customers and opportunities in line with Worley's purpose and business focus
- developing sales/operational business plans and key performance indicators to drive strategy execution and performance growth



### Climate change

We are working with our customers to deliver their projects more sustainably across the entire life cycle  
We are committed to learning-by-doing through our own 2030 climate change commitments



### Energy transition

There is an accelerating wave of renewable energy investments, supported by energy storage, decarbonization projects and the role of natural gas and low-carbon hydrogen  
There are projects progressing across all sectors and regions, even through the economic circumstances resulting from COVID-19



### Circular economy

Our customers are experiencing an increased pressure to reduce waste and single-use resources and products, generating new opportunities for innovative products and solutions



### Data utilization and automation

Our customers are seeking fast-to-market, standard solutions, increasing their data-centric approach from design to delivery  
Our ability to execute locally while utilizing GID and design automation is becoming paramount

Figure 2: Accelerating Global Mega Trends

Through this process, Worley has developed its transformation strategy and has identified strategic priorities based on their unique importance to sustaining the company’s growth. Each strategic priority is underpinned by Worley’s energy transition, digital and commercial innovation strategic activities.

Worley’s transformation strategy involves delivering technical solutions to support business and governments to reduce greenhouse gas emissions (decarbonization), using data analytics and digital technology to achieve optimal energy user outcomes (digitalization) and improving the reliability and resilience of energy systems and addressing the impact on established and new providers in evolving energy markets (decentralization). The importance of this transition strategy is highlighted by the fact that of Worley’s top 20 customers across all sectors, 70 per cent. have publicly stated emissions reductions targets and all are investing in decarbonization.

In pursuing this transformation strategy, Worley is targeting sustainability projects that are technically complex, with a similar risk profile to Worley’s historical services. Worley is well-placed to leverage its long-standing customer relationships, track record of delivering innovative projects and global talent pool to grow business through its sustainability growth framework, and through each of its business sectors.

Worley is a founding member of the Australian Climate Leaders Coalition and also a member of the global Energy Transitions Commission (“ETC”).

## **Section 2: Sustainability Approach**

### **1. Sustainability Approach**

Worley is driven by a common purpose, delivering a more sustainable world.

As a leading provider of project and asset services in the energy, chemicals and resources sectors around the world Worley has an important role to play, enabling sustainable growth as the world recovers from the COVID-19 pandemic. Worley's skills and networks are integral to solving the sustainability challenges the world is facing, providing knowledge, intellectual property and technology solutions at scale, with a particular focus on the challenges faced by complex industries.

Worley's Climate Change Position Statement ("CCPS"), last revised in 2020, states:

*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 pro-actively 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.*

This statement, and the activities of the company, are underpinned by the following five strategic actions:

1. Develop a net zero roadmap for Scope 1 and 2 greenhouse gas emissions,
2. Review Scope 3 emissions and develop a plan to reduce these,
3. Help customers to reduce their emissions using the Sustainable Solutions process,
4. Assess involvement in carbon-intensive projects using the Responsible Business Assessment Standard, and
5. Report progress in line with the recommendations of the Task Force on Climate-related Financial Disclosures

Worley's approach to Sustainability is two-fold and includes a focus on the company's own actions and commitments, and also recognition that its greatest impact will be made through the work it does with its customers.

#### **1.1 Worley Operations**

##### **1.1.1 Materiality Assessment**

The company regularly completes a materiality assessment to focus its corporate sustainability efforts, and this was last done in FY2020. Worley spoke to key stakeholders including shareholders, customers, employees and community partners to find out which sustainability topics and UN SDGs they viewed as important to Worley. From this process following key three themes and additional important issues were identified.

Three key themes:

1. Combating climate change
2. Supporting access to sustainable and modern energy
3. Supporting healthy lives and promoting well-being

Additional important issues identified:

- Diversity and Inclusion
- Working conditions & economic development
- Innovation & Infrastructure

- Bribery & Corruption

These themes and important issues have been mapped onto seven related UN Sustainable Development Goals. In FY2020, the company took the following

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mapped onto seven related UN Sustainable Development key actions to progress its commitment to action on these



- Launched our new Life safety, health and well-being approach
- Established a process safety working group
- Activated 44 response teams around the world to manage the safety of our people through COVID-19
- Formed a cross-company network with industry peers to share best practice approaches to managing COVID-19



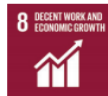
- Continued to work with our customers to navigate the energy transition
- Made strategic acquisitions and joint venture (JV) entities in solar, onshore and offshore wind and distributed energy systems
- Continued to work with Pollinate Group to provide clean energy to people living in poverty in India



- Launched our new Climate Change Position Statement and strategic actions
- Commenced pilot of our Sustainable Solutions process
- Updated our Responsible Business Assessment (RBA) Standard



- Refreshed our approach to Diversity and Inclusion (D&I) and set ourselves new targets
- Established our global D&I Council
- Launched our Reconciliation Action Plan (RAP) in Australia



- Joined Building Responsibly, committing to work in accordance with its Worker Welfare Principles
- Welcomed 900 new graduates to our business



- Generated 800 new ideas on our innovation platform
- Funded 27 new innovation projects
- Grew our operations and maintenance (O&M) business providing services to support critical power infrastructure via strategic acquisition of 3sun Group (3sun)
- Continued to design, construct, operate and maintain critical energy infrastructure globally



- Improved our supply chain due diligence processes as part of our modern slavery commitment
- Reviewed and updated our RBA Standard

material issues.

### 1.1.2 Commitments and actions

Worley has a publicly stated, 2030 net zero target, encompassing the company's Scope 1 and 2 emissions.

Further to this ambitious Scope 1 and 2 emission net zero target, in April 2021 Worley announced that the Group has signed up to the Science Based Targets Initiative ("SBTi"), further enhancing their commitment to a stringent decarbonisation plan, inclusive of their Scope 3 emissions by 2050. Becoming a signatory to the SBTi highlights the rigor and robustness of Worley's approach and aligns the Group with international best in class standards.

In addition to its greenhouse gas emission targets, Worley has embedded sustainability considerations in its overarching business processes via its Responsible Business Assessment ("RBA") standard. The RBA informs decision making around bidding work by prompting the consideration of risk issues such as ethical business practices of prospective customers and partners, carbon emissions intensity and social license.

Worley is also committed to providing a safe workplace that is diverse and inclusive of people from a wide range of backgrounds. The company has mature and comprehensive management systems and leading safety performance. Worley has improved the gender diversity of the Group Executive and communicated a strong position of intolerance of racism and exclusion.

The Worley Foundation supports Worley's people to deliver a more sustainable world outside of their paid work. It provides financial and skilled volunteering support for projects that provide a positive social and/or environmental contribution in locations where the company operates.

The Foundation objectives are:

- To provide support to the execution of high impact projects that create shared value for the communities in which Worley operates and for Worley;
- To encourage and support Worley's people to make a positive contribution towards delivering a more sustainable world, outside of their project work, in the communities in which the company operates;

- To further Worley's involvement in key theme areas of STEM education, skilled volunteering, environmental and community benefit.

## 1.2 Supporting Customers

Worley is active in the deployment of technologies enabling the energy transition and is working with other key technologies and their application across the world. These include decarbonizing existing fossil fuel-based assets, readying the world for a future hydrogen economy by adapting existing natural gas infrastructure to be hydrogen-ready, adaptation of existing refineries to renewable feedstock and deployment of renewable technologies at scale and pace across the world.

Worley understands that there is no singular solution to decarbonize the world's energy systems and multiple approaches are required. Worley is addressing this by engaging with its customers on projects and seeking to incorporate transition and sustainability considerations into the solutions it provides. To date, Worley has delivered more than 2,400 energy transition projects and continues to improve how it measures and defines the impact that the work with its customers is having on the delivery of a more sustainable world.

- Sustainability Domain
  - Worley works with its customers to design and deliver projects that incorporate the latest technological innovations and contribute to sustainable outcomes. In all aspects of this work the company considers resource, water and energy efficiency, circular economy principles and environmental impacts
  - Worley describes the key project categories it works on that provide a material sustainability benefit as its 'sustainability domain'. At Worley's 2021 half year reporting, the sustainability domain delivered around 30% of group revenue
  - Worley's sustainability domain is depicted below:



- Sustainable Solutions
  - During 2020, the Sustainable Solutions process was piloted and a global rollout commenced. This new step in the Worley project workflow empowers teams to identify opportunities to reduce the carbon impact of customers' projects and to measure savings. It features a carbon calculator which allows measurement of carbon savings, and also a database to capture ideas and generate reports on those ideas and savings. Sustainable Solutions can be applied to all customers' projects, regardless of size or stage, and allows Worley to play an active role in reducing the impact projects have on the environment.

For additional information on Worley's sustainability approach, please visit <https://www.worley.com/sustainability>

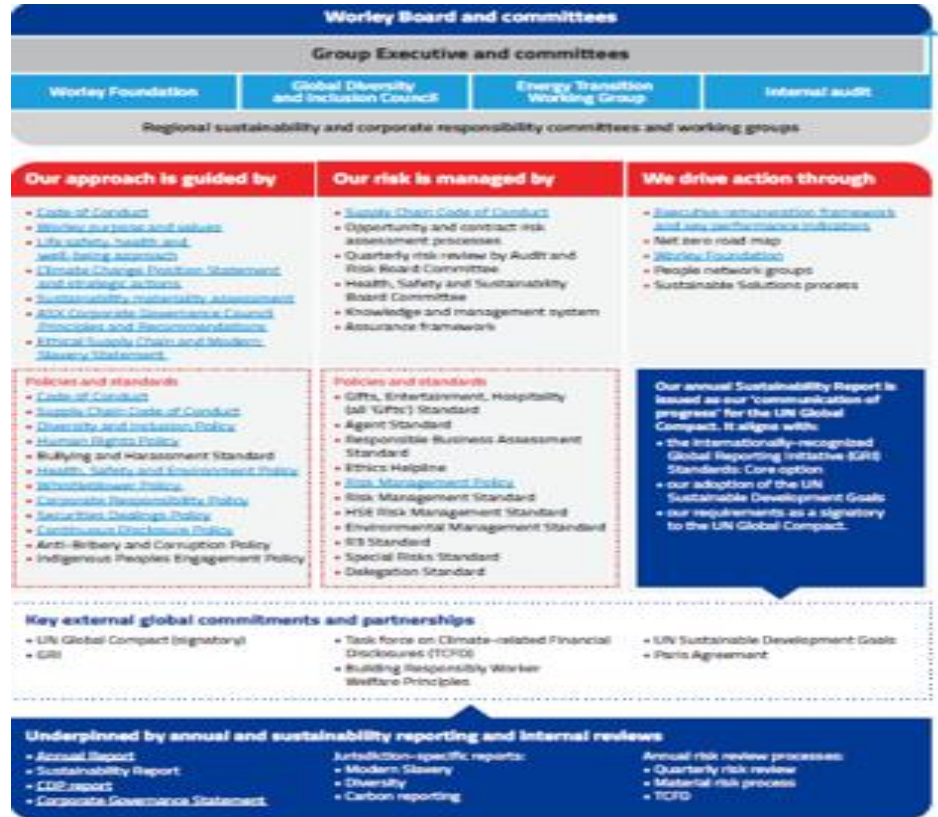
**2. Governance and Risk Management**

Sustainability management is integrated throughout Worley’s entire corporate governance structure and across all business functions.

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

The Board ensures that Worley meets all safety, performance and governance standards. It has ultimate authority over Worley and regards corporate governance as a critical element in achieving business objectives. Accordingly, the Board has a number of committees to discharge its duties.

In 2020, Board-level governance over the sustainability program was formalized following a change in charter and name from the Health, Safety and Environment committee to the Health, Safety and Sustainability committee.



**3. Rationale for the Sustainability Linked-Bond Framework**

Worley has chosen to create a Sustainability-Linked Bond (SLB) Framework (the “Framework”) in order to align the clear and robust sustainability ambitions of the company with its long term financing strategy. Integration of sustainability targets across all facets of its business will strengthen alignment within the business toward achievement of the goals.

Worley recognizes the opportunity that it has, to contribute to a sustainable and equitable global recovery. This will be done through changes in how Worley conducts its own business, including how it engages its workforce and the communities in which it operates. Worley also sees an even bigger opportunity to deliver a more sustainable world through the work it does for its customers.

Worley’s aspiration is that any issuance related to this framework and any related financing transactions will generate momentum within its sector (and those adjacent), and encourage others, some of whom who have already made significant transition related commitments, to do the same.

This Framework is developed in accordance with the International Capital Market Association (ICMA) 2020 Sustainability-Linked Bond Principles and its five components:



1. Key Performance Indicator/s
2. Sustainability Performance Target/s
3. Bond Characteristics
4. Reporting
5. Verification

## **Section 3: The Sustainability-Linked Framework**

### **1. The Scope of this Framework**

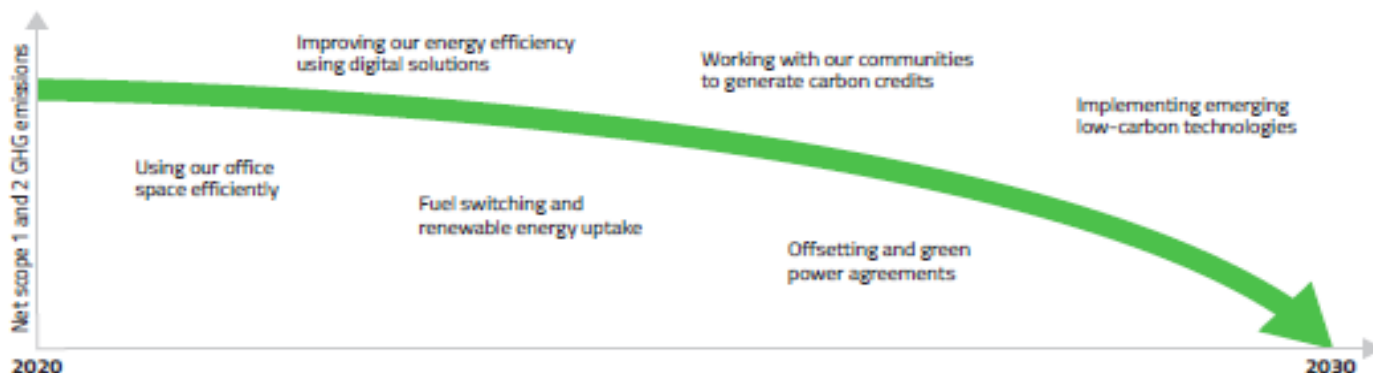
Worley has created the Sustainability-Linked Bond Framework based on the Group's aggregate Scope 1 and Scope 2 emission reductions, aligned to their publicly announced 2030 net zero target.

### **2. Key Performance Indicator ("KPI") Selection**

Worley has selected the following KPI as a measure of the key progress against the Group's stated Scope 1 and Scope 2 net zero

**KPI: Reduction in the absolute Scope 1 and 2 emissions for the operationally controlled entities and assets of Worley Group**

**Rationale:** Worley has committed to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions by 2030, and in order to facilitate progress on its emission reduction pathway, Worley is focusing on reducing energy usage and also reducing emissions intensity through substitution with low-carbon energy options. As a key enabler of the energy transition in the energy, chemicals and resource sectors Worley wants to demonstrate its own ambition and ability to achieve net zero Scope 1 and Scope 2 emissions by 2030 via meaningful real reductions in emissions. The target set under this framework demonstrates an intermediate milestone in relation to this stated net zero 2030 ambition.



### **3. Sustainability Performance Targets ("SPT") Calibration**

**SPT: Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO<sub>2</sub>-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO<sub>2</sub>-eq.**

The above noted SPT aligns with Worley's stated Scope 1 and 2 net zero by 2030 commitment.

**KPI Baseline:** Worley currently calculates its Scope 1 & 2 Greenhouse gas emissions using a methodology in line with the Greenhouse Gas Protocol. The FY2020 baseline figure used will be unassured. Worley has committed to seeking assurance on its Scope 1 & 2 Greenhouse gas emission from FY2021 onward.

The Sustainability Performance Target above, is exclusive of the impact of any future, material acquisitions.

#### 4. Bond characteristics

The bond issue will support the ambitions of Worley's stated Scope 1 and Scope 2 emission reduction pathway.

It should be noted that the parameters of the KPI or calibration of the SPT may change if there is a material change to Worley's current business operations and any such change will be communicated within its annual reporting and in line with Worley's related ASX disclosure obligations.

Worley's performance against the SPT will be reported on the company's website and in its annual Sustainability report. Worley's external assurance and verification provider will verify the company's performance. The notification date, related to this assurance, will occur 15 days after the verification report for the specified target.

If Worley does not achieve the SPT then a pre-determined premium will be paid upon redemption of the bond. The exact bond adjustment mechanism and target date will be specified in the instrument documentation

#### 5. Reporting

Worley's sustainability performance is published in the Group's annual Sustainability report, the ESG section of the Annual Report, and company website (<https://www.worley.com/>). In case of material developments, adhoc disclosures of this nature will be made via traditional and required channels in line with the company's continuous disclosure obligations. In line with the fourth component of the Sustainability-Linked Bond Principles, Annual Disclosures to be verified by a third party, will include the following:

- up-to-date information on the performance of the selected KPI, including baseline where relevant;
- a limited assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics
- any information enabling investors to monitor the level of ambition of SPT (e.g., any update in the issuers' sustainability strategy or on the related KPI/ESG governance, and more generally any information relevant to the analysis of KPI and SPT).

When feasible and possible, the annual disclosure will also provide:

- a qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of performance/KPI;
- illustration of positive sustainability impacts of performance improvements; and
- any re-assessments of KPI and/or restatement of the SPT and/or proforma adjustments of baselines or KPI scope.

#### 6. Verification

Worley will engage an external reviewer to obtain a Second-Party Opinion of this Framework which can be viewed in the relevant section at <https://www.worley.com/>.

Independent and external assurance provider will be engaged at least once a year up to the maturity of the bond to provide assurance on Worley's reported performance levels against each SPT for each KPI. Results of the verifications will be made publicly available as detailed in the Reporting section, i.e. point 5, of Section 3, above.

## **Section 4: Key Links**

**Worley Investor Relations Website:** <https://www.worley.com/investors>

**Worley Reports and Presentation Website:** <https://www.worley.com/investors/reports-and-presentations#2021>

**Worley Sustainability Website:** <https://www.worley.com/sustainability>

**Worley Corporate Governance Website:** <https://www.worley.com/investors/corporate-governance>