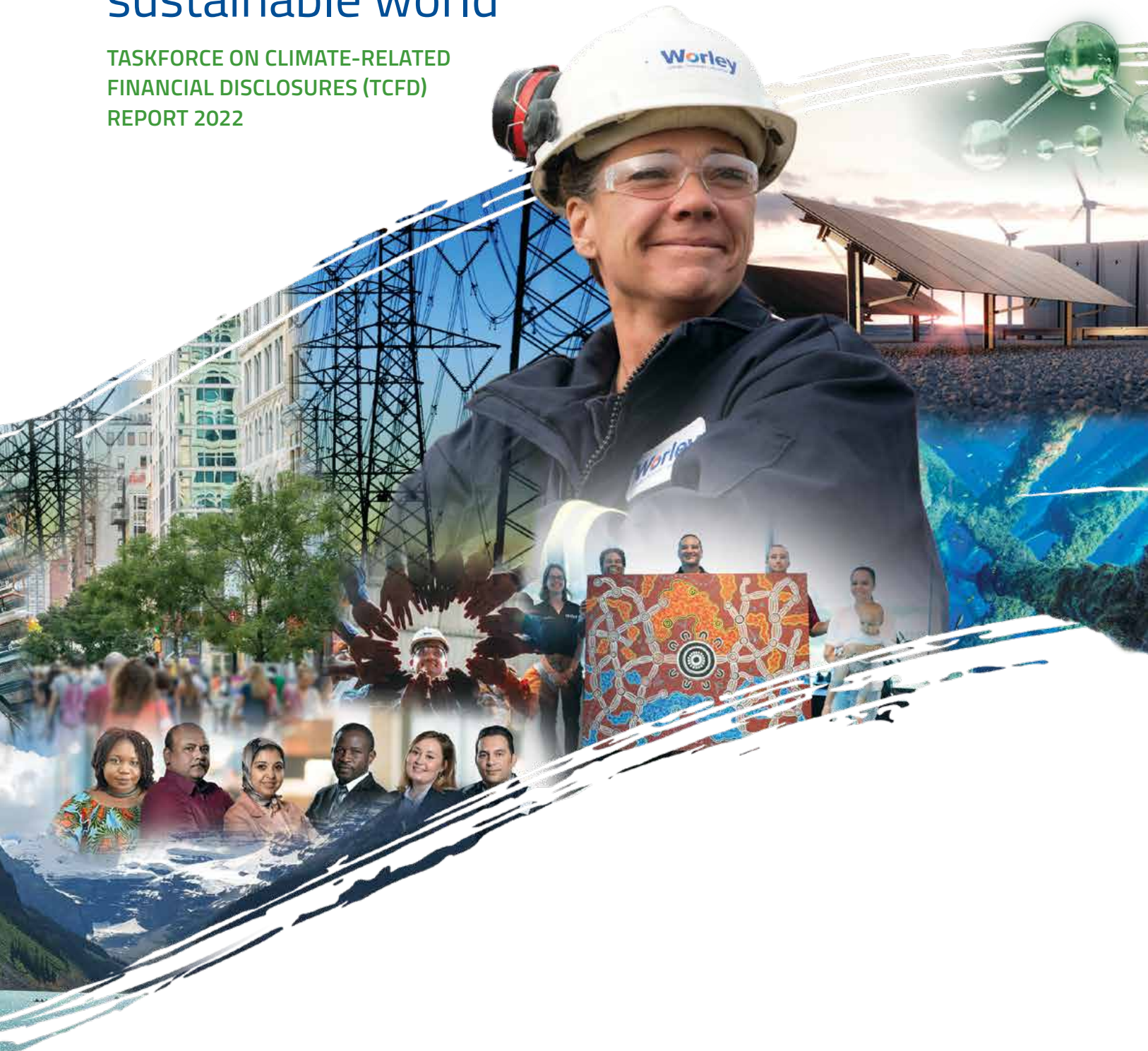




Delivering a more sustainable world

TASKFORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES (TCFD)
REPORT 2022



Governance

We embed climate-related risk and opportunity within our governance and management processes. We have roles within the Board and senior management that are responsible for our response to climate change.

Board oversight

The Board’s oversight of company-wide climate-related risks and opportunities is held by the Health, Safety and Sustainability Committee (HSSC). This includes governance of our Climate Change Position Statement (CCPS). We table climate-related agenda items at the Board HSSC meetings every two months. These include progress towards our net-zero commitments, updates to disclosures and the management of risks and opportunities.

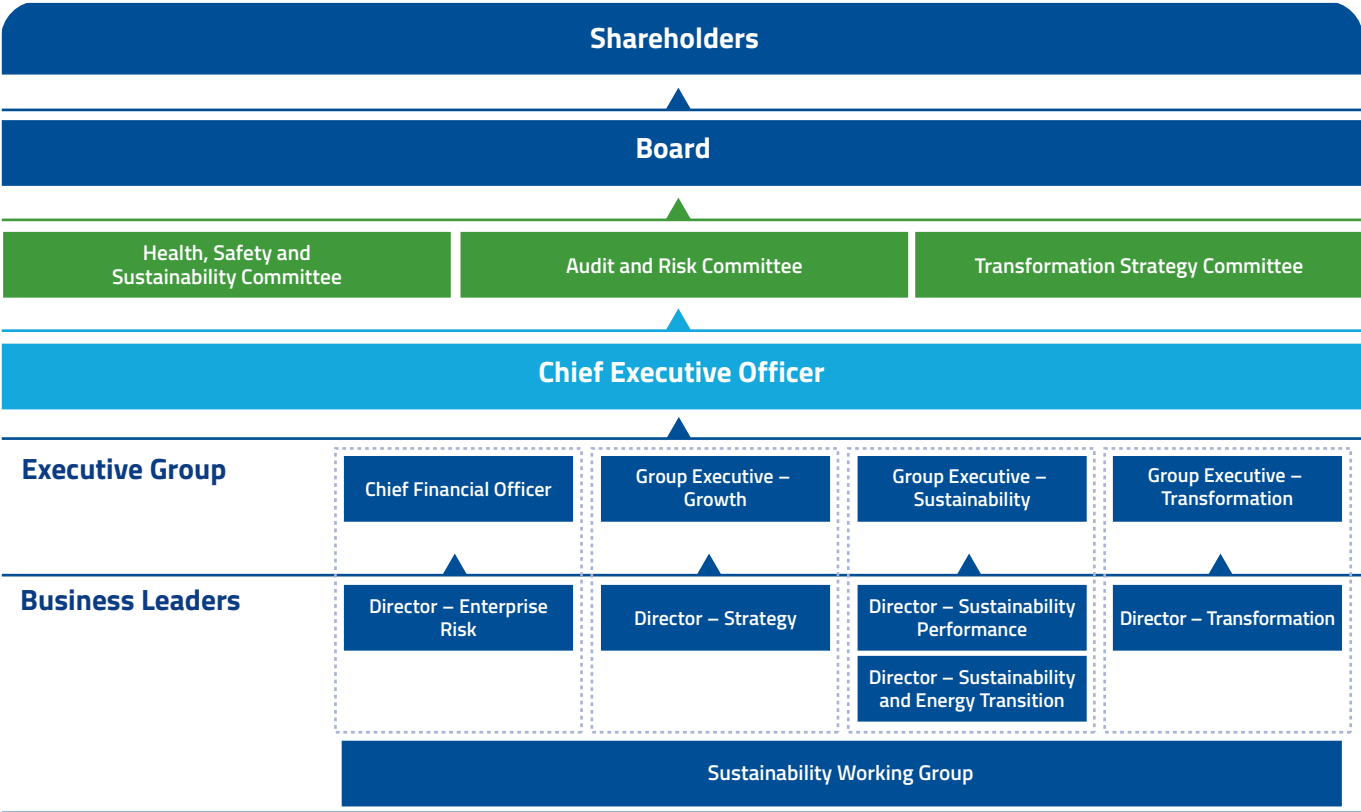
The Board Audit and Risk Committee (ARC) and Transformation Committee also monitor climate-related risks and opportunities. The ARC makes recommendations on the overarching strategy

because physical and transition climate-related risks relate to the broader spectrum of enterprise risk. The Board Transformation Committee has oversight of the overall business transformation in response to managing transition risk.

The Chair of the Board is a member of the HSSC and the ARC. They are well informed of our progress toward reducing our emissions in accordance with our objective as a member of the Business Ambition for 1.5°C.

The role of management

The Executive Group Director Sustainability, reporting directly to the CEO, is responsible for climate-related strategy and disclosures. This includes fulfilling the commitments of our CCPS, including our net-zero commitments, and supporting our purpose of delivering a more sustainable world. Also reporting to the CEO is the Executive Group Director Transformation, who is responsible for the program of change within the Worley business to fulfill our purpose and ambition.



Reporting to the Executive Group Director Sustainability is the Director – Sustainability Performance. This role is responsible for delivering the strategic actions under the CCPS, embedding our climate change response into our policies and procedures and designing and delivering programs of work to drive the engagement of our people.

Also reporting to the Executive Group Director Sustainability is the Director Sustainability and Energy Transition Leadership. This role is responsible for forging and coordinating our involvement in industry partnerships and collaborations and fostering and leading sustainability/energy transition thought leadership and supports our engagement with customers on these issues.

The Sustainability Working Group (SWG) develops responses to climate change, energy transition and other sustainability issues. The group meets monthly and includes representatives from across all areas of the business including Operations, Growth, People and Information & Digital Delivery.

Our Director of Strategy sits within our Growth team and is focused on opportunities in our sectors associated with the low-carbon transition. Working together, these teams grow the business opportunities in decarbonization and energy transition. Our Director of Enterprise Risk plays a key role in overseeing the incorporation of climate-related risk and opportunity into our enterprise risk and company-wide risk processes.

Our Assurance team, which includes our R3 team, works with the business to manage the physical risks (and opportunities where relevant) of climate change. This includes managing the safety of our people and communities during extreme weather events. They also plan for physical climate change scenarios.

Strategy

We assess climate-related risks and opportunities and embed these in our Company strategy. Mitigating the effects of climate change and transitioning to a low-carbon economy is key to our Company purpose: delivering a more sustainable world. So is building climate-resilient industrial infrastructure.

Short Term (0 to 2 years)

Our short-term horizon is focused on the immediate budgeting period.

Medium Term (2 to 5 years)

Our medium-term horizon is focused on our strategic business plan in line with our ambition.

Long Term (5 to 10 years)

Our long-term horizon is focused on global trends and our net-zero aspirations



Our risks and opportunities

We identify and manage climate-related risks and opportunities over the short, medium and long term.

Key: **S** = Short term **M** = Medium term **L** = Long term

Transition

We classify our climate-related transition risks and opportunities as they relate to:

Policy and Regulation S M	While global governments made significant additional net-zero commitments in the lead-up to COP26, the uncertainty in policy and regulation remains high. We operate in regions of the world where regulation exists, such as the UK and Europe. This regulation is well-matched with our Company strategy, the assistance we're providing to our customers and our own net-zero commitments. We monitor emerging regulation around the world closely. Our global presence and experience in regions with more-progressive climate-related policies allows us to prepare for changes in other parts of the world.
Technology M L	<p>The shift to a low carbon energy system is going to require deployment of new and different technologies than those that dominate the current energy system.</p> <p>Worley is a deliverer of energy infrastructure with a heritage in legacy fossil-fuel based generation systems, and therefore there is a risk that we don't develop the necessary skills and culture to deliver the technologies of the future. However, we also have considerable experience delivering low carbon energy projects such as hydrogen, renewable energy generation, and energy storage, and have delivered more than 3,300 such projects.</p> <p>Worley is managing the risk and opportunity of shifting technology by creating focused teams that are targeting the new market opportunities, as well as elevating focus on organizational culture and skills development programs.</p>
Market S M L	<p>The energy, chemicals and resources sectors we serve are responsible for over 75% of the world's annual greenhouse gas emissions. We are focused on supporting our customers in the decarbonization of these sectors. We continually assess the markets we serve and the impact on our strategy in the short, medium and long term.</p> <p>Global energy supply and demand continues to fluctuate. While sustained high oil prices are tempering demand growth in advanced economies, the end of broad COVID-19 lockdowns in China is expected to more than offset this. The situation in Ukraine has added near-term challenge to energy markets with shortages in energy supply having the potential to cause a short-term increase in the carbon intensity of energy use.</p>
Reputation S M	We manage reputational risk through our RBA Standard. This includes assessing the carbon intensity of project opportunities.

Physical

We class our climate-related transition risks and opportunities as Acute and Chronic.

Acute



We are beginning to witness the direct impact of acute climate change on our business and our people. The 2022 Australian floods across the states of Queensland and New South Wales resulted in the temporary closure of our Brisbane office, and a number of our people were affected by personal property damage. Similarly, in 2021, our people in Canada experienced historic temperatures, as high as 45°C, which caused school closures and wildfires in surrounding areas.

We continue to support our business and our people during extreme weather events through our global R3 Group. We are planning for more extreme weather events and the support that will be required.

Chronic



As the world continues to warm, the importance of climate-resilient design intensifies. We see the opportunity, now, to incorporate climate resilience into the ways we design and construct. We are continuously evolving our central design process, SEAL, to establish sustainable thinking in all that we do. Asset sustainability forms a part of our definition for sustainability related work (see page 27 of our Annual Report).

There's also risk associated with supply chain disruption caused by weather pattern changes and the increasing frequency of extreme weather events. Supply chain disruption has the potential to delay delivery of much-needed infrastructure. We are exploring new ways to work with our supply chains to reduce this risk.



Solar panels installed on our office in Johannesburg, South Africa.

Impacts on our business

Climate-related risks and opportunities have impacted our role in the world and the way we run our business. These include reducing the carbon intensity of the portfolio of projects we deliver for our customers over time as well as the carbon intensity of our own business.

Over the past two years, we’ve transformed our business to align with our purpose. Our response to climate change has been fundamental in informing our strategy. Our ambition, by 2026, is to be recognized globally as the leader in sustainability solutions. This includes partnering with our customers to decarbonize the energy, chemicals and resources sectors. But we also recognize that, with the world already at 1.1°C of warming¹, climate-resilient development will be critical. We’re embedding sustainability thinking into our engineering and construction systems.

We’re also transitioning our business to be net zero for our Scope 1 and Scope 2 emissions by 2030 and our Scope 3 emissions by 2050. This year, we’ve made progress in reducing our Scope 1 and Scope 2 emissions through switching our offices to renewable energy and updating a portion of our vehicle fleet to hybrid vehicles and biofuels. We’ve reduced our emissions by 29% against our FY2021 baseline.

We’re seeing the positive impact of our purpose on our people’s engagement. We’re providing them with opportunities on energy transition projects alongside development through learning passports and e-learning platforms.

Our strategy and scenario planning

We use climate-related scenarios as key inputs to our strategy planning. We use these scenarios to approximate the speed of the energy transition and the degree of adaptation required to make existing and future infrastructure resilient to climatic changes.

Global Temperature Rise	Input Scenarios	Outputs
3°C	International Energy Agency (IEA)	Scenario Definition STEPS is a scenario which reflects current policy settings, based on a sector-by-sector assessment of the specific policies that are in place as well as those that have been announced by governments around the world.
	Stated Policies Scenario (STEPS)	
	IPCC AR6 C6	Conventional Energy Oil demand will eventually level off in mid-2030 and then plateau towards 2050.
		Low-carbon Energy <ul style="list-style-type: none">Gas demand grows rapidly through to 2030, and growth tempers slightly through to 2050.Renewable energy supply continues to grow, just not at a rate sufficient to remain below 2°C. Chemicals and Fuels <ul style="list-style-type: none">Chemicals: Oil use in petrochemicals increases moderately, and plastic recovery continues to grow at an increasing rate through 2030.Fuels: Renewable fuel supply increases, however, it is only at about half the rate of the Announced Pledges Scenario (APS) and a third of the rate of the Net-Zero Emissions scenario (NZE). Resources Overall requirements for critical minerals needed for clean energy technologies grows through to 2050, however, it is still only about one third of NZE requirements.

¹ Reference: IPCC Sixth Assessment Report.

Global Temperature Rise	Input Scenarios	Outputs
2°C	IEA Announced Pledges Scenario (APS) IPCC AR6 C3	<p>Scenario Definition APS is a scenario which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net-zero targets, will be met in full and on time.</p> <p>Conventional Energy Oil demand is expected to peak near 2030 and gradually decline by 2050.</p> <p>Low-carbon Energy</p> <ul style="list-style-type: none"> Gas demand reaches a peak near 2030 and then declines slightly towards 2050. Renewable energy supply continues to grow, just not at a rate sufficient to attain 1.5°C. <p>Chemicals and Fuels</p> <ul style="list-style-type: none"> Chemicals: Demand rises substantially by 2030. Fuels: Renewable fuel demand increases towards 2030 at about half the rate of NZE. <p>Resources Overall requirements for critical minerals needed for clean energy technologies grows significantly through to 2050 (faster growth than STEPS).</p>
1.5°C	IEA Net-Zero Emissions by 2050 (NZE) IPCC AR6 C1	<p>Scenario Definition NZE is a scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net-zero CO₂ emissions by 2050. It doesn't rely on emissions reductions from outside the energy sector to achieve its goals.</p> <p>Conventional Energy Oil demand is expected to decline during this decade with accelerated decline between 2030 and 2050.</p> <p>Low-carbon Energy</p> <ul style="list-style-type: none"> Gas: Supply drop doesn't occur until around 2030. By 2050, more than half of natural gas consumed is used to produce low-carbon hydrogen, and a higher percentage of gas use is in facilities equipped with CCUS. Renewable energy supply continues to grow and significantly exceeds APS and STEPS growth. <p>Chemicals and Fuels</p> <ul style="list-style-type: none"> Chemicals: Demand continues strongly in this scenario, underscoring the need for measures to reduce the energy and CO₂ emissions intensity of production. Fuels: Biofuel demand is expected to expand significantly to align with this scenario. Liquid biofuels expand in this scenario primarily to reduce emissions in road transport and to a lesser extent for planes and ships. <p>Resources Achieving net-zero emissions globally by 2050 means record levels of clean energy deployment and requires up to six times more mineral inputs in 2050 than today.</p>

Risk and opportunity management process

For details of how we manage all risks and opportunities, refer to page 104 of our Annual Report. Our risk management process includes a range of assessments, surveillance and reporting. Our Risk Management Standard sets our overarching approach across all processes within the Company. The Standard applies to all of our activities including opportunity pursuit during project delivery and corporate functions, such as legal and treasury.

We use a risk matrix approach with likelihood and consequence criteria that’s relevant to our business and covers a range of risk types. Our risk matrix helps us to assess environmental impacts including climate change.

Identifying climate-related risks and opportunities

We’ve embedded identifying climate-related risks into our business risk processes and tools.

Responsible Business Assessment (RBA) Standard	Within our RBA Standard, we identify the carbon intensity of opportunities and flag high-carbon emissions as a special risk for Senior Leadership approval via the Special Risks Standard.
Special Risks Standard	Provides the level of approval required for high risks that could damage our reputation or financial profile. High risks from our RBA Standard, including carbon intensity, are detailed in the Special Risks Standard.
Annual transition and physical risk workshops	We complete annual assessments to identify the risks and opportunities associated with climate change. We use IEA (STEPS, APS and NZE) and IPCC (SSP 5-8.5) scenarios as the basis of these workshops. Our Sustainability Performance team, in collaboration with key stakeholders across the Worley business, manage the outcomes of these workshops.

Managing climate-related risks and opportunities

We manage identified climate-related risks and opportunities through various groups and processes within the business.

Sustainability performance, strategy and enterprise risk	<p>Our Sustainability Performance team, in conjunction with our Strategy and Enterprise Risk team, oversee climate-related risks and opportunities. These teams work together to embed change throughout the organization.</p> <p>Our business strategy is informed by being a leader in designing and building the low-carbon infrastructure critical to reducing global emissions.</p>
Project delivery and assurance	Our Project Delivery team have oversight of risk management across all of our projects, which include climate-related risks and opportunities. Our Internal Audit and Assurance team is responsible for ensuring our project risk management processes are upheld.
R3	R3 manages our security and resilience management processes including response plans for climate-related changes to weather patterns and increased frequency of extreme weather events.
People	Our people strategy is informed by the risk of an experience shortage. We give our people opportunities to build on their experience to design and deliver low-carbon infrastructure through project delivery and training.
Supply chain	<p>Through our commitment to be net zero on our Scope 3 emissions by 2050, we’re turning our minds to the emissions in our supply chain. This year, we’ve disclosed additional Scope 3 data for 11 categories of the GHG Protocol. Through our Supply Chain Code of Conduct, we are committed to partnering with suppliers aligned with our values.</p> <p>We also consider the physical risk of climate change in our supply chain planning and the impacts of extreme weather events on project schedules.</p>

Metrics and targets

We use a range of metrics to measure our progress on addressing climate-related risks and opportunities.

Through our ambition, we have the following targets. These are centered around our role in the world and the way we run our business.

- We will accelerate our growth and aspire to derive 75% of our revenue from sustainability related work (see page 21 of our Annual Report).
- We will partner with customers who are committed to driving sustainability; together we will decarbonize value chains and steward resources (see page 21 of our Annual Report).
- We are committed to our own sustainability – reaching net-zero Scope 1 and Scope 2 emissions by 2030 and Scope 3 by 2050 (see page 21 of our Annual Report).
- We are committed to improving our energy productivity¹ by 25% by 2030 from our baseline energy productivity in 2020 of \$30.4 million/GWh (see page 77 of our Annual Report).

This year, our revenue from sustainability related work has increased to 35% and the factored sales pipeline for sustainability related work is 56%. See page 27 of our Annual Report for how we define this.

Our own Scope 1, 2 and 3 emissions

We're committed to net-zero and are making progress against our net-zero roadmap. See page 76 of our Annual Report for more information.

We have had limited third-party assurance completed over our Scope 1 and Scope 2 emissions and energy usage data.

Scope 3

We have increased our Scope 3 disclosures from two categories in FY2021 to 11 out of the 13 applicable Scope 3 categories to Worley, as defined in the Greenhouse Gas Protocol.

See our ESG data center for more information.

Incentivizing our leadership

The Short-Term Incentive (STI) plan now has a greater focus on ESG priorities as part of its framework. The plan applies to approximately 1,000 Senior Leaders across Worley, and now includes a measure to reduce Scope 1 and Scope 2 carbon emissions in line with our Scope 1 and Scope 2 net-zero roadmap.



¹ Our energy productivity is measured by: Aggregated revenue (\$m)/Total energy usage (GWh).

Corporate information

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Christopher Haynes, OBE
Thomas Gorman
Roger Higgins
Martin Parkinson, AC
Emma Stein
Juan Suárez Coppel
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Disclaimer

This Report contains forward-looking statements, including statements regarding climate change and other environmental and energy transition scenarios. While these forward-looking statements reflect the Group's expectations at the date of this Report, they are not guarantees or predictions of future performance or outcomes. They involve known and unknown risks and uncertainties, which may cause actual outcomes and developments to differ materially from those expressed in the statements contained in this Report.

There are also limitations with respect to the scenario analysis which is discussed in this Report, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

The Group cautions readers against reliance on any forward-looking statements or guidance, particularly in light on the long time horizon which this Report discusses and the inherent uncertainty in policy, market and technological developments in the future. The Group makes no representation, assurance or guarantee as to the accuracy, completeness or likelihood of fulfilment of any forward-looking statement, any outcomes expressed or implied in any forward-looking statement or any assumptions on which a forward-looking statement is based.

Except as required by applicable laws or regulations, the Group does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events.

