

Second-Party Opinion Worley Limited Sustainability-Linked Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Worley Limited Sustainability-Linked Bond Framework aligns with the Sustainability-Linked Bond Principles 2020. This assessment is based on the following:

- Selection of Key Performance Indicators (KPIs)** Worley Limited Sustainability-Linked Bond Framework includes one KPI, absolute Scope 1 and 2 emissions for the operationally controlled entities and assets of Worley Group (see Table 1). Sustainalytics considers the KPI to be adequate given that it directly measures emissions, follows an external methodology, and can be benchmarked, and based on a consideration of the proportion of Worley's total GHG emissions that it accounts for.
- Calibration of Sustainability Performance Target (SPTs)** Worley has established an SPT to reduce absolute Scope 1 and 2 emissions by at least 57,177t CO₂-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO₂-eq. Sustainalytics considers the SPT to be aligned with the Issuer's sustainability strategy and considers the SPT to be highly ambitious based on a comparison with past performance and peers' targets, and on its alignment with science-based trajectories. The achievement of the SPT will contribute to SDG 9.
- Bond Characteristics** Worley Limited will link the bond's financial/structural characteristics to the achievement of the SPT, namely an increase in the coupon rate of 25 basis points (bps). To not trigger a change in coupon, the SPT needs to be achieved.
- Reporting** Worley Limited commits to report on an annual basis on its performance on the KPI in its annual Sustainability Report, the ESG section of the Annual Report, and on the Company website. The reporting commitments are aligned with the SLBP.
- Verification** Worley Limited commits to have external limited/ reasonable assurance conducted on its KPI performance at the communicated SPT deadline, which is aligned with market expectations.

Evaluation Date	May 18 th , 2021
Issuer Location	Sydney, Australia

The SPTs contribute to the following SDGs:



Overview of KPI and SPT

KPI	Baseline	SPT	Strength of the KPI	Ambitiousness of SPT
Scope 1 and 2 emissions for the operationally controlled entities and assets.	FY2020	Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO ₂ -eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO ₂ -eq.	Adequate	Highly Ambitious

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Scope of Work and Limitations

Worley Limited (“Worley”, the “Company”, or the “Issuer”) has engaged Sustainalytics to review the SLB Framework and provide an opinion on the alignment of the notes with the Sustainability-Linked Bond Principles (SLBP).¹

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the reviewed SLB Framework with the Sustainability-Linked Bond Principles 2020, as administered by ICMA.

As part of this engagement, Sustainalytics exchanges information with various members of Worley management team to understand the sustainability impact of their business processes and SPTs, as well as reporting and verification processes of aspects of the SLB Framework. Worley Limited's representatives have confirmed that:

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Bond Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Worley Limited. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure the KPIs' performance. The measurement and reporting of the KPIs is the responsibility of the Bond issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Worley Limited has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks³ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

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¹ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

³ Benchmarks refers to science based benchmarks

Introduction

Worley Limited is a leading global provider of professional services, such as engineering, procurement, and construction management, to the energy, chemicals and resources sectors. Headquartered in Australia, Worley has a global presence with over 50,000 staff in more than 50 countries. It has a strong presence in many developing economies, including Africa. Worley also 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 purchase of the Energy, Chemicals and Resources division of Jacobs Engineering Group Inc. (ECR) in April 2019 approximately doubled the size of its business and increased diversification across geographies and sectors. ECR provided Worley with greater exposure to customers' operating expenditures which are historically less variable in periods of industry downturn. The acquisition of ECR also reduced revenue contribution from O&G-related Upstream and Midstream activities, but this segment still represents its main revenue driver (41%). The Refining and Chemicals contribute approximately 39%, followed by Mining Minerals and Metals (14%) and Power (6%). In Worley's Power segment, solar and wind opportunity pipeline increased 25% since November 2020. Additionally, energy transition and circular economy opportunities increased from 11% to 18% of the total factored sales pipeline.⁴

Under its Sustainability-Linked Bond Framework, Worley intends to issue Sustainability-Linked Bonds (SLBs) where the coupon rate of the bond is tied to the achievement of the Sustainability Performance Target (SPT) for the selected Key Performance Indicator (KPI). The selected KPI refers to the Group's Scope 1 and 2 GHG emissions for the operationally controlled entities.

Worley has engaged Sustainalytics to review the SLB Framework and provide an opinion on the alignment of the bond framework with the Sustainability-Linked Bond Principles (SLBP).⁵

The KPI and SPT used by Worley are defined in Tables 1 and 2 below.

Table 1: KPI Definition

KPI	Definition
Scope 1 and 2 emissions for the operationally controlled entities and assets	Absolute Scope 1 and 2 emissions (tCO ₂ -e) from the operationally controlled entities and assets of Worley Group. Scope 1 and 2 emissions are calculated as per the GHG Protocol. ⁶

Table 2: SPT and Past Performance

KPI	2017	2019	2020 (baseline)	SPT 2025
Scope 1 and 2 emissions for the operationally controlled entities and assets (tCO ₂ -eq)	47,288	81,420	114,343	Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO ₂ -eq. by FY2025, which is a 50% reduction with respect to restated ⁷ FY2020 baseline of 114,343t CO ₂ -eq.

⁴ Worley's Half year results 2021, at: <https://www.worley.com/investors/results-center#2021>

⁵ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

⁶ GHG Protocol, "Corporate Standard", (2021), at: <https://ghgprotocol.org/corporate-standard>

⁷ Worley reported Scope 1 and 2 emissions of 136,026t CO₂-eq in FY2020. Worley has communicated to Sustainalytics that it has restated the emissions figure for FY2020 from 136,026t CO₂-eq to 114,343t CO₂-eq.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of Worley Limited Sustainability-Linked Bond Framework with the Sustainability-Linked Bond Principles.

Sustainalytics is of the opinion that the Sustainability-Linked Bond Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP).

Selection of Key Performance Indicators (KPIs)



Relevance and Materiality of KPI

Sustainalytics in its assessment of materiality and relevance considers i) whether an indicator speaks to a material impact of the issuer business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

- Sustainalytics considers this a direct KPI as it directly measures GHG emissions from Worley's industrial activities (manufacturing yards) and office buildings.
- Sustainalytics' ESG Risk Rating identifies Carbon Intensity and GHG Reduction Programmes as relevant ESG management indicators for Worley.
- Sustainalytics notes that, while Worley has not yet calculated its Scope 3 emissions, and therefore the total portion of Scope 1 and 2 emissions cannot be assessed, based on our internal research, Scope 1 and 2 emissions are estimated to account for <30% of the total emissions. Sustainalytics further notes that, where Scope 1 and 2 emissions account for a relatively low percentage of total emission, it is best practice to set emissions reduction targets using KPIs that include at least some Scope 3 emissions.

KPI Characteristics

Sustainalytics in its assessment of the KPI characteristics considers i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPI is a direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.⁸

Sustainalytics considers Worley's definition and methodology to calculate the KPI to be clear and consistent, highlighting the transparency around reporting quantitative emissions, to be directly linked to the performance of Worley's overall operations.

In addition, Worley calculates its Scope 1 and 2 emissions in accordance with the GHG Protocol, which is a commonly used external reference in the industry and can therefore be benchmarked against external carbon trajectories as well as peer performance.

Overall Assessment

Sustainalytics overall considers Worley's KPI to be adequate given that: it is relevant and material to Worley; it directly measures its operational carbon performance; the calculation methodology is aligned with GHG Protocol Corporate Standard, and therefore supports benchmarking; and is estimated to be applicable to <30% of the Company's total emissions.

Scope 1 and 2 emissions for the operationally controlled entities and assets	Not Aligned	Adequate	Strong	Very strong
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⁸ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.



Calibration of Sustainability Performance Targets (SPTs)

Alignment with Issuer's Sustainability Strategy

Worley has set the following SPT for its KPI:

- SPT: Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO₂-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO₂-eq.

Sustainalytics considers the SPT to be aligned with Worley's sustainability strategy (please refer to Section 2 for analysis of the credibility of Worley's sustainability strategy).

- Worley focuses on combating climate change, which has been identified as a material issue for its business model. The Company's climate change commitments include a net-zero 2030 target, encompassing Scope 1 and Scope 2 GHG emissions.
- In addition, Worley is committed to identifying, measuring, and reducing its Scope 3 emissions. In April 2021, the Company signed up to the Science Based Targets Initiative ("SBTi") and has adopted a net-zero target for its Scope 3 emissions by 2050.

Strategy to Achieve the SPTs

Worley intends to achieve the SPT through the following strategy:

- Worley has developed a net-zero roadmap for Scope 1 and 2 emissions. Over the next five years, the Company intends to reduce absolute emissions in its office buildings and fabrication yards.
- Worley will undertake an office consolidation to reduce overall energy usage while improving its office leasing procedures to include sustainability requirements. In addition, Worley will implement energy efficiency measures across offices to reduce energy consumption, including energy-efficient lighting, motion sensor, and high-efficiency chillers and air handlers. Worley also intends to purchase renewable energy certificates, starting with the largest and most carbon-intensive offices.
- In the Company's fabrication yards, Worley will also purchase renewable energy certificates and implement energy-efficiency measures, such as switching to energy-efficient lighting, transitioning to hybrid vehicles, and using different welding processes. The Company is also planning to use biofuels, such as ethanol and biodiesel, to shift away from traditional fossil fuels. In addition, Worley will roll out an electric vehicle adoption program for its light vehicle fleet.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPT, Sustainalytics considers whether the SPT goes beyond business-as-usual trajectory, ii) how the SPT compares to targets set by peers, iii) and how the SPT compares with science.⁹

Worley has set the baseline for the SPT in FY2020, as that is the most recent comparable data available.

SPT: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer analysis, and alignment with a 1.5°-degree global warming scenario.

Sustainalytics notes that the annual linear reduction appears to be aligned with the SBTi limiting warming to 1.5°C.¹⁰

⁹ We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

¹⁰ SBTi strongly encourages companies, particularly those in developed countries, to adopt targets with a 4.2% annual linear reduction to be aligned with limiting warming to 1.5°C.

SBTi, "SBTi Corporate Manual", (2021), at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual-v1.0-2.pdf>

In terms of past performance, Worley has been reporting on Scope 1 and 2 emissions since FY2016 via CDP.¹¹ After completing the acquisition of Jacob’s ECR division, Scope 1 and 2 emissions rose by 34.4% between FY2018 and FY2019, and 56.8% between FY2019 and FY2020. Although Sustainalytics recognizes that Worley’s emissions have increased given the recent acquisitions, the Company has demonstrated its commitment to emissions reduction in the past. Previously, Worley has delivered annual Scope 1 and 2 GHG emission reductions: by 12% between FY2016 and FY2017 and 4.1% between FY2017 and FY2018.

Of the eight peers analyzed by Sustainalytics, seven have established quantitative time-bound targets for absolute GHG emission reductions. Seven have limited their commitment to Scope 1 and 2 emissions, with targets ranging between 15% to 100%,¹² and one of them also established an emissions reduction target for Scope 3 emissions. Including Worley, three companies have committed to reducing their operational emissions by FY2025; Worley has set the most ambitious target, given that the two other peers are committed to reducing emissions by 15% and 30%, respectively. Sustainalytics notes that one peer set a net-zero operational emissions commitment by 2023, while Worley intends to reach net-zero operational emissions by FY2030. Based on this, Sustainalytics recognizes that Worley’s SPT aligns with best practices in terms of peers’ GHG emissions targets.

Overall Assessment

Sustainalytics considers the SPT to align with Worley's sustainability strategy and considers Worley's SPT to be highly ambitious given that it presents a material improvement compared to past performance, aligns with best practice in terms of peers’ GHG emissions targets, and is aligned with a science-based trajectory aimed at limiting warming to 1.5°C.

<p>Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO2-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO2-eq.</p>	<p>Not Aligned</p>	<p>Moderately Ambitious</p>	<p>Ambitious</p>	<p>Highly Ambitious</p>
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Bond Characteristics

Worley has disclosed that bond issuances pertaining to the Framework will be subject to a penalty for not achieving the SPT by FY2025. Worley has disclosed that failure to achieve the SPT by FY2025 will result in an increase in the redemption price of the bond.



Reporting

Worley commits to report on an annual basis on its performance on the KPI and expects to include the relevant figures in its annual Sustainability Report, the ESG section of the Annual report, and the Company’s website, which is aligned with the SLB Principles. Worley further commits to disclose relevant information, enabling investors to monitor the level of ambition of the SPT. Annual disclosures to be verified by a third party will also include a limited assurance report relative to the SPT, related impact, and timing of such impact.

¹¹ CDP is an international not-for-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

¹² Of the eight peers analyzed, a single company targets to reduce Scope 1 and 2 emissions by 100%, defined as net-zero commitment that includes a substantial use of carbon offsets.



Verification

Worley commits to having an external verifier provide reasonable assurance on the published KPI and SPT performance figures and a verification assurance on the KPI performance at least once a year, which is aligned with the SLB Principles on verification.

Section 2: Assessment of Worley's Sustainability Strategy

Credibility of Worley Sustainability Strategy

According to Sustainalytics' ESG rating, Worley is considered to perform on par with its subindustry peers on ESG issues and considers the Company's overall management of material ESG issues as strong.¹³ The Company's sustainability program and ESG related issues are governed at the board level through the Health, Safety and Sustainability committee¹⁴, suggesting integration within core business strategy.

Sustainalytics is of the opinion that Worley's sustainability strategy, as outlined within the Company's Sustainability Report 2020¹⁵, is credible. Worley's focus areas of sustainability include (i) combating climate change and its impacts (ii) supporting access to sustainable and modern energy, and (iii) supporting healthy lives and promoting wellbeing.¹⁵¹⁶ The Company's climate change commitments include a net-zero 2030 target, encompassing Scope 1 and Scope 2 greenhouse gas emissions. The Company has disclosed carbon emissions to CDP¹⁷ since 2010.¹⁵ Worley's energy transformation strategy involves the decarbonization and digitalization of its business, both through diversification of revenue contribution away from fossil fuels and by developing a road map to net zero, including the review and reduction of Scope 3 emissions through a science-based target.²⁰ Additionally, Worley intends on assessing the Company's involvement in carbon-intensive projects and reporting on progress in line with the recommendations of TCFD.¹⁵

The Company seeks to actively help customers reduce their emissions using their 'Sustainable Solutions' process, which was launched in 2020¹⁵ and supports customers in the energy transition, by helping teams identify opportunities to reduce the carbon impact of projects and to measure savings. Worley's core services include energy, chemicals and resources. The Company's sustainability domain¹⁸ is a growing area of the business, intended to become core over time. The sustainability domain includes energy transition projects such as alternative and renewable energy sources, restoration projects such as soil and groundwater remediation, and environmental stewardship through water and wastewater management and air quality management¹⁵. Consistent with its sustainable and modern energy services pillar, Worley's sustainability domain includes the development of renewable energy and waste to energy solutions, such as waste feedstocks conversion into sustainable aviation and road transport fuels or using plant-based technologies for recyclable packaging solutions. Additionally, Worley has been involved in over 280 geothermal, hydropower and ocean power projects, 310 solar power projects and 650 wind power projects.¹⁵

Sustainalytics considers Worley to have a strong sustainability strategy and considers that the SLBs will further support the Worley sustainability strategy.

Worley's Environmental and Social Risk Management

Overall, Sustainalytics considers the ESG risk management of Worley to be average. Sustainalytics also recognizes that while Worley's defined targets are impactful, it is acknowledged that achieving the SPT could bear environmental and social risks related to health and safety, community relations, emissions, effluents and waste, biodiversity loss, and water-use.

In the following section, Sustainalytics comments on Worley's ability to mitigate such potential risks.

- Worley's Audit and Risk Committee assists the Board in identifying and managing non-financial risk, including environmental and social risks and monitoring performance against the Company's risk management framework. Other key responsibilities of this committee include reviewing internal control policies and procedures for identification,

¹³ This assessment has been derived from Sustainalytics' ESG Risk Rating.

¹⁴ Worley, "Health, Safety and Sustainability Committee", at: [HSSC Charter 2021 FINAL.pdf \(worley.com\)](#)

¹⁵ Worley, "Sustainability Report 2020", (2020), at: [WOR_Sustainability_Report_2020.pdf \(worley.com\)](#)

¹⁶ Worley, "Annual Report 2020", (2020), at: [Worley – Annual Report 2020 Download Center](#)

¹⁷ CDP, "Who we are", at: <https://www.cdp.net/en/info/about-us>

¹⁸ Worley, "Delivering a more sustainable world", (2020), at: [WOR_Sustainability_Investor_Day_Presentation_2020.pdf \(worley.com\)](#)

assessment, reporting and management of risk. The Health, Safety and Sustainability Committee¹⁹ is responsible for monitoring and reviewing health, safety and sustainability risks, incidents, compliance and disclosure requirements and makes relevant recommendations to the Board.

- Occupational health and safety are addressed within the Company's Health, Safety and Environment Policy²⁰ which outlines the commitment to and accountability for health, safety and environmental matters concerning all employees and contractors. Worley's Occupation Health and Safety Management System¹⁵ is a risk-based system aligned with ISO31000:2018 risk management standards and establishes a series of risk control measures, hazard identification, risk assessment and incident investigation. For applicable projects, a health risk assessment is performed concurrently with preparing the overarching project management plan and providing a formal evaluation and recommendation to the project manager.
- Worley's suppliers and contractors must comply with the Supply Chain Code of Conduct²¹ Standard, which addresses expectations and requirements surrounding human rights and fair employment practices in the areas of occupational health and safety, the environment and community engagement.
- Across Worley's industries and operations, the Ethical and Sustainable Supply Chain Statement²² is a commitment towards fair workers' rights, conditions and ethical business operations. Programs include the ethics helpline, due diligence processes, training, and investigations into related matters. Additionally, Worley's Human Rights Policy²³ and Corporate Responsibility Policy²⁴ outline the Company's commitment to human rights in the supply chain, including fair working conditions, people's health and safety, and the respect of indigenous peoples, land, culture and the environment.
- Regarding the risk of emissions and effluents, the Company's commitment to improving its performance is shown by monitoring and measuring CO₂, NO_x, SO_x emissions, ozone depleting substances, and other significant air emissions. Additionally, the Company calculates its energy consumption using the GHG Protocol Corporate Standard²⁵.
- Water and waste management are monitored by type and disposal method and discharged by quality and destination. Worley records and reports significant spills and facilitates the transportation of hazardous waste¹⁵.
- Worley's Responsible Business Assessment Standard¹⁵ informs decision making, prompting consideration of risk issues such as ethical business practices of prospective customers and partners, carbon emission intensity and social license. Additionally, the Company conducts environmental and social impact assessments¹⁵ to guide customers with their risk-based decision-making.

Overall, Sustainalytics considers that Worley has strong management programs and policies to mitigate risks that are material to Worley's sub-industry.

Section 3: Impact of the SPT Chosen

Impact of reducing operational carbon intensity to achieve global emission reduction goals.

Ambitious corporate actions to decarbonize the global economy - in line with the 2015 Paris Agreement and the SDGs are needed to transition into a low-carbon future.^{26 27} All sectors of the economy are under pressure to achieve global climate goals, particularly the Industry sector, which is significantly more carbon-intensive than other end-use sectors.²⁸

The industrial sector is especially challenging to decarbonize due to some of its emissions sources that are difficult to remove using existing technologies. While combusting fossil fuels primarily generates the high-temperature heat used in most industrial

¹⁹ Worley, "Health, Safety and Sustainability Committee", (2021) at: [HSSC Charter 2021 FINAL.pdf \(worley.com\)](#)

²⁰ Worley, "Health, Safety and Environment Policy"(2020), at: [health-safety-env-policy.pdf \(worley.com\)](#)

²¹ Worley, "Supply Chain Code of Conduct" (2019), at: [supply-chain-code-of-conduct-2019.pdf \(worley.com\)](#)

²² Worley, "Ethical and Sustainable Supply Chain Statement", at: [ModernSlaveryStatement_06022018.pdf \(worley.com\)](#)

²³ Worley, "Human Rights Policy" (2020), at: [Human Rights Policy \(worley.com\)](#)

²⁴ Corporate Responsibility Policy, (2017), at: [cr-policy.pdf \(worley.com\)](#)

²⁵ Greenhouse Gas Protocol Standard, "What is GHG Protocol", at: [Standards | Greenhouse Gas Protocol \(ghgprotocol.org\)](#)

²⁶ UNFCCC, "The Paris Agreement", at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

²⁷ IPCC, "Global warming of 1.5°C", (2019), at: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_Low_Res.pdf

²⁸ Industry. In: IPCC Climate Change 2014: Mitigation of Climate Change at: https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter10.pdf

processes, few available low-carbon options can generate the heat needed to operate these facilities.²⁹ Therefore, mitigating emissions at its manufacturing yards may require significant changes to the industrial processes used by Worley.

According to Worley's Sustainability Report 2020, the primary sources of direct GHG emissions associated with its operations come from burning liquefied petroleum gas (LPG), natural gas and liquid fuels in heaters and generators at its industrial facilities (fabrication yards).³⁰ Worley's commitment to reduce emissions from its operations and target to achieve a 50% reduction of absolute Scope 1 and 2 emissions by FY2025 compared to FY2020 baseline will contribute towards global climate goals.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability linked bond advance the following SDG goals and targets:

KPI	SDG	SDG Target
Scope 1 and 2 emissions for the operationally controlled entities and assets of Worley Group	9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Worley intends to issue Sustainability-Linked Bonds, which will tie the coupon rate to the achievements of the following SPT:

- Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO2-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO2-eq.

Sustainalytics considers the KPI chosen to be adequate based on its materiality and relevance to its operations, the use of an external methodology and its overall applicability to the Company's total emissions. The SPT is considered highly ambitious based on the evidence that it represents a material improvement of the Company's performance, is aligned with industry peers and aims to align with a 1.5°C warming scenario. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations. Based on the above, Sustainalytics considers Worley Limited's SLB Framework to be in alignment with the five core components of the SLBP and the prospective of achievement of the SPT to be impactful.

²⁹ An Innovation Agenda for Hard-to-Decarbonize Energy Sectors (2019) at: https://issues.org/an-innovation-agenda-for-hard-to-decarbonize-energy-sectors/#.YIcB_pR5_Kg.link

³⁰ Worley's Scope 2 GHG emissions come from the energy, including heat and steam, used to operate its fabrication yards and office buildings

2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Worley intends to issue Sustainability-Linked Bonds, which will tie the coupon rate to the achievements of the following SPT:

- Absolute Scope 1 and 2 emissions to be reduced by at least 57,177t CO₂-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO₂-eq.

Sustainalytics considers the KPI chosen to be adequate based on its materiality and relevance to its operations, the use of an external methodology and its overall applicability to the Company's total emissions. The SPT is considered highly ambitious based on the evidence that it represents a material improvement of the Company's performance, is aligned with industry peers and aims to align with a 1.5°C warming scenario. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations. Based on the above, Sustainalytics considers Worley Limited's SLB Framework to be in alignment with the five core components of the SLBP and the prospective of achievement of the SPT to be impactful.

Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

Overall comment on the section *(if applicable)*: Worley Limited Sustainability-Linked Bond Framework includes one KPI, Scope 1 and 2 emissions for the operationally controlled entities and assets of Worley Group (see Table 1). Sustainalytics considers the KPI to be adequate given that it is a direct metric, follows an external methodology, can be benchmarked and its applicability to the total operations.

List of selected KPIs:

- ✓ Scope 1 and 2 emissions for the operationally controlled entities and assets of Worley Group

Definition, Scope, and parameters

- Clear definition of each selected KPIs
- Clear calculation methodology
- Other *(please specify)*:

Relevance, robustness, and reliability of the selected KPIs

- Credentials that the selected KPIs are relevant, core and material to the issuer's sustainability and business strategy.
- Evidence that the KPIs are externally verifiable

- Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis
- Evidence that the KPIs can be benchmarked
- Other (*please specify*):

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (*if applicable*): Worley has established an SPT to reduce absolute Scope 1 and 2 emissions by at least 57,177t CO₂-eq. by FY2025, which is a 50% reduction with respect to restated FY2020 baseline of 114,343t CO₂-eq. Sustainalytics considers the SPT to be aligned with the Issuer's sustainability strategy and considers the SPT to be highly ambitious based on past performance, comparison with peers' targets, and alignment with science-based trajectories. The achievement of the SPT contributes to SDG 9.

Rationale and level of ambition

- Evidence that the SPTs represent a material improvement
- Evidence that SPTs are consistent with the issuer's sustainability and business strategy
- Credentials on the relevance and reliability of selected benchmarks and baselines
- Credentials that the SPTs are determined on a predefined timeline
- Other (*please specify*):

Benchmarking approach

- Issuer own performance
- reference to the science
- Issuer's peers
- Other (*please specify*):

Additional disclosure

- potential recalculations or adjustments description
- identification of key factors that may affect the achievement of the SPTs
- issuer's strategy to achieve description
- Other (*please specify*):

3-3 BOND CHARACTERISTICS

Overall comment on the section (*if applicable*): Worley Limited will link the bond's financial/ structural characteristics to the achievement of the SPT, namely an increase in the coupon-rate of 25 basis points (bps). To not trigger a change in coupon, the SPT needs to be achieved.

Financial impact:

- variation of the coupon
- ...

- Other *(please specify)*:

Structural characteristic:

- ...
- ...
- Other *(please specify)*:

3-4 REPORTING

Overall comment on the section *(if applicable)*: Worley Limited commits to report on an annual basis on its performance on the KPI in its annual Sustainability report, the ESG section of the Annual Report, and on the Company website. The reporting commitments are aligned with the SLBP.

Information reported:

- | | |
|----------------------------------------------------------------------|-------------------------------------------------------------------|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input checked="" type="checkbox"/> verification assurance report |
| <input type="checkbox"/> level of ambition of the SPTs | <input type="checkbox"/> Other <i>(please specify)</i> : |

Frequency:

- | | |
|----------------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Means of Disclosure

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other <i>(please specify)</i> : |
| <input type="checkbox"/> Reporting reviewed <i>(if yes, please specify which parts of the reporting are subject to external review)</i> : | |

Where appropriate, please specify name and date of publication in the "useful links" section.

Level of Assurance on Reporting

- | | |
|----------------------------------------------------------|-----------------------------------------------|
| <input type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

USEFUL LINKS *(e.g. to review provider methodology or credentials, to issuer's documentation, etc.)*

Section 4. Post-issuance verification

Overall comment on the section (if applicable): Worley Limited commits to have external limited/reasonable assurance conducted on its KPI performance at the communicated SPT deadline, which is aligned with market expectations.

Information reported:

- | | |
|-------------------------------------------------------|-----------------------------------------------------------|
| <input checked="" type="checkbox"/> limited assurance | <input checked="" type="checkbox"/> reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|-----------------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Material change:

- | | |
|------------------------------------------------------|-----------------------------------------------------|
| <input type="checkbox"/> Perimeter | <input checked="" type="checkbox"/> KPI methodology |
| <input checked="" type="checkbox"/> SPTs calibration | |

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Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

