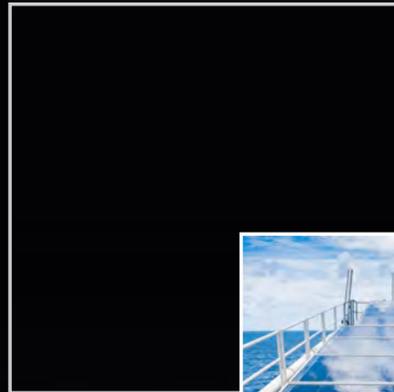




# WorleyParsons

resources & energy

Corporate Governance Statement 2017



# CORPORATE GOVERNANCE STATEMENT

## Introduction

The Board of directors of WorleyParsons Limited (Board) strives to ensure that WorleyParsons Limited (Company) and the entities it controls (Group) meet high standards of safety, performance and governance. The Group recognizes that it has responsibilities to its shareholders, customers, employees and suppliers as well as to the communities in which it operates.

The Board has ultimate authority over, and oversight of, the Group and regards corporate governance as a critical element in achieving the Group's objectives. Accordingly, the Board has adopted appropriate charters, codes and policies and established a number of committees (Committees or Board Committees) to discharge its duties.

The Corporate Governance page in the Investor Relations section of the Group's website (<http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx>) contains most of the charters, codes

and policies which are referred to in this statement (or a summary of them). These documents are periodically reviewed and enhanced to take account of changes in the law and governance practices.

The Group's governance systems meet the requirements of the *Corporations Act 2001* (Act) and the Listing Rules of the Australian Securities Exchange (ASX Listing Rules and ASX respectively).

As required by the ASX Listing Rules, this statement discloses the extent to which the Company has followed the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations) during the reporting period comprising the year ended 30 June 2017 (Reporting Period). Except where otherwise explained, the Company followed all of the ASX Recommendations during the Reporting Period.

## Reporting Period governance highlights

During the Reporting Period, the Company demonstrated its commitment to continual enhancement of the Group's governance processes:

- employees completed training on the Group's Code of Conduct to reinforce the Company's approach to ethical and responsible decision making;
- Board and Committee charters were reviewed and updated to ensure that they continue to reflect best practice corporate governance;
- a benchmarking review of the processes for conducting performance evaluations of the Board, Committees and individual directors was undertaken to ensure that those processes continue to operate effectively and align with good governance practices;
- a benchmarking review of the process for assessing the independence of directors was also undertaken, and the Company will continue to disclose the outcomes of independence assessments in these annual statements and in notices of meetings for relevant directors; and
- as part of the Company's commitment to ongoing professional development and safety, the directors visited a number of the Company's sites. Details of these site visits are contained in section 1.3 of this statement.

The Group recognizes that responsible, sustainable corporate performance is essential to the long-term success of its business and desirable to all of its stakeholders. The Group's Corporate Responsibility report can be found on pages 17 to 22 of the Company's Annual Report for the year ended 30 June 2017 (Annual Report). A copy of the Annual Report is available from the Company Reports page in the Investor Relations section of the Group's website (<http://www.worleyparsons.com/InvestorRelations/reports/Pages/default.aspx>).

## PART 1 – COMPOSITION AND GOVERNANCE POLICIES OF THE BOARD

**Relevant policies and charters** (see <http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx>)

- Board Charter

### 1.1 COMPOSITION PRINCIPLES

The Board's composition is determined in accordance with the following principles, the Company's Constitution and relevant governance requirements:

- the Board should comprise at least three members and maintain a majority of independent directors;
- the positions of Chairman and Chief Executive Officer (CEO) must be held by separate persons;
- the Chairman must always be a non-executive director;
- the Board should comprise directors with an appropriate range and mix of skills, knowledge, experience, independence and diversity;
- the performance of the Board, its Committees and its members should be reviewed annually and objectively; and
- all directors (except the CEO) must submit themselves for re-election at regular intervals, and at least every three years.

### 1.2 MEMBERSHIP

The membership of the Board complies with the composition principles outlined above. The directors of the Company during the Reporting Period were:

Name	Position
John Grill	Chairman and Non-Executive Director
Ron McNeilly	Deputy Chairman, Lead Independent Director and Non-Executive Director
Larry Benke	Non-Executive Director (until 25 October 2016)
Jagjeet Bindra	Non-Executive Director
Erich Fraunschiel	Non-Executive Director
John M Green	Non-Executive Director (until 25 October 2016)
Christopher Haynes	Non-Executive Director
Catherine Livingstone	Non-Executive Director
Wang Xiao Bin	Non-Executive Director
Andrew Wood	Chief Executive Officer and Executive Director

All unless stated otherwise, all directors served as directors for the entire Reporting Period. Details of each director's qualifications, special responsibilities, skills, expertise and experience (including the period of office held by each director) are contained in the profiles set out on pages 34 to 35 of the Annual Report.

### 1.3 APPOINTMENT, INDUCTION AND TRAINING

The Board's Nominations Committee sets and reviews the criteria for new director appointments having regard to the overall composition of the Board.

In considering the nominations and appointments of directors, the Board seeks to ensure that its membership is such that each director:

- is a person of integrity who will observe the Group's Code of Conduct;
- has sufficient abilities and time available to perform their role effectively;
- brings an independent and questioning mind to their role;
- enhances the breadth and depth of skills and knowledge of the Board as a whole; and
- enhances the experience, independence and diversity of the Board as a whole.

While recognizing that each director will not necessarily have experience in each of the following areas, the Board seeks to ensure that its membership includes an appropriate mix of directors with experience in engineering, relevant industry sectors, general management and finance.

A summary of the directors' skills and experience as relevant to the Group and graphs depicting the diversity of the directors are set out in this section 1.3.

Each non-executive director receives a letter which formalizes their appointment and outlines the key terms and conditions of their appointment.

Director induction and professional development processes are incorporated into the Board program. Directors are encouraged, and are given the opportunity, to broaden their knowledge of the Group's business by visiting offices in different locations and to remain abreast of developments impacting the business.

During the Reporting Period, most non-executive directors conducted a safety-awareness visit to at least one of the Group's project sites and in total, five such non-executive director visits took place during the Reporting Period. Non-executive directors visited project sites in

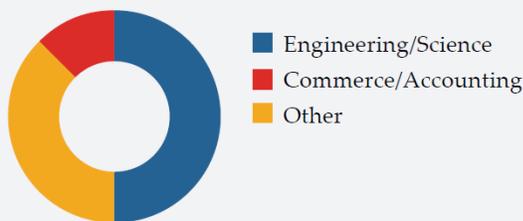
Canada, China and Saudi Arabia. In addition, the CEO visited a total of six project sites in Australia, Saudi Arabia, Singapore and the United States during the Reporting Period.

### SKILLS AND EXPERIENCE (OF 8 DIRECTORS)

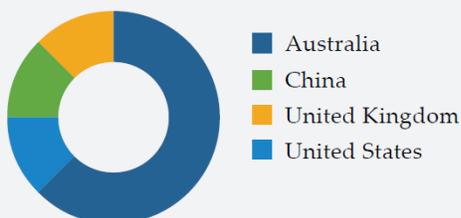
<b>Leadership and governance</b>	
Business Leadership	8
Corporate Governance	8
Business Strategy	8
<b>Operations</b>	
Health and Safety	8
Engineering	4
Project Delivery	4
<b>Sector experience</b>	
Hydrocarbons	5
Minerals, Metals & Chemicals	7
Infrastructure	5
<b>Geographic experience</b>	
Asia Pacific	8
Latin America	4
North America	6
Sub-Saharan Africa	4
Europe/Middle East/North Africa	6
<b>Finance and risk</b>	
Accounting	6
Finance	7
Mergers, Acquisitions and Integration	8
Risk Management	8
<b>People</b>	
Human Resources	8
Remuneration	8
<b>Technology</b>	
Technology	5

### DIVERSITY OF DIRECTORS

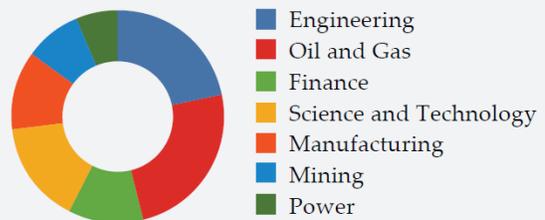
#### TERTIARY QUALIFICATIONS



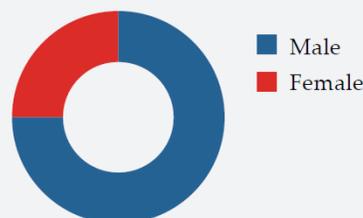
#### RESIDENCY



#### INDUSTRY EXPERIENCE



#### GENDER



## 1.4 DIRECTOR INDEPENDENCE

The Board recognizes that, while various principles and factors are relevant in determining independence, true independence is a matter of judgment having regard to the particular circumstances. Accordingly, when the Board exercises its judgment in determining independence, it has regard to relationships between a director and the Group or between a director and third parties that may compromise the director's independence.

The Nominations Committee monitors and undertakes an assessment of each non-executive director's independence at least annually, and more frequently in the case of director appointments or directors seeking election or re-election. This assessment applies the ASX Recommendations, the Act and current corporate governance practice and adopts the definition of independence set out in the ASX Recommendations.

The Board has considered the positions and relationships of each of the seven persons who were non-executive directors for the Reporting Period and has formed the view that six of those seven persons were independent. The Board is of the opinion that therefore a majority of the Board was independent of the Group's management and was free of any interest that may have affected their free and unfettered judgment during the Reporting Period.

### MR JOHN GRILL

Mr Grill was appointed Chairman of the Board on 1 March 2013. Mr Grill was CEO of the entity that ultimately became WorleyParsons Limited from 1971 and held the position of CEO until 23 October 2012. Mr Grill is also a substantial shareholder of the Company. Accordingly, Mr Grill is not regarded as independent.

While ASX Recommendation 2.5 provides that the Chairman should be independent, the Board carefully assessed Mr Grill's appointment as Chairman and considered that there were a number of unique circumstances that made Mr Grill's appointment appropriate. Almost every one of the Group's global industry peers is chaired by a former chief executive officer, demonstrating the ongoing importance of strong industry and customer relationships in the industries in which the Group operates. The Board wished to retain the benefit of Mr Grill's close relationships with major global customers and his extensive industry experience. The Board also considered the fact that Mr Grill is a substantial shareholder, which aligns his interests with those of all other shareholders.

Consistent with the ASX Recommendations, on Mr Grill's appointment as Chairman, the Board created the role of Lead Independent Director. Appointing a Lead Independent Director seeks to ensure that the views of independent directors are effectively raised and considered by the Board.

The Lead Independent Director provides leadership and support to the other independent directors in relation to matters that uniquely concern them as independent directors. The Lead Independent Director also, together with the Chairman, ensures that conflicts of interest on the Board (whether actual or potential) are identified and managed appropriately. The Lead Independent Director calls and chairs at least four meetings of independent directors each calendar year (at which neither the Chairman nor members of senior management are present) for the purposes of discussing matters relevant to the Board's business and responsibilities. Six such meetings were held during the Reporting Period.

### DR CHRISTOPHER HAYNES

Dr Haynes, the Chairman of the Company's Health, Safety and Environment Committee, is a non-executive director of Woodside Petroleum Limited (Woodside), which is a customer of the Group. The Board considers Dr Haynes to be independent after applying the

principles stated above, given the percentage of total revenue and total gross margin the Group earned from Woodside was less than 5% during the Reporting Period.

In the Board's opinion, Dr Haynes' judgment is not impaired or conflicted even though he is a non-executive director of Woodside. The Board also notes that as a practical matter, he exercises independent judgment in the Company's best interests without direction from Woodside and does not receive any remuneration other than director's fees from either the Company or Woodside.

### MR RON MCNEILLY AND MR ERICH FRAUNSCHIEL

Mr McNeilly and Mr Fraunschiel have each been non-executive directors of the Company for more than 14 years. During the Reporting Period, the Board reviewed the independence of each of these directors and concluded that each director was independent. The Board has determined that each of these directors is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

## 1.5 NOTIFICATION OF INTERESTS AND TREATMENT OF CONFLICTS

Directors are required to notify the Chairman of any contracts, offices (including other directorships) held, and interests in other companies or transactions which might involve a real or potential conflict and at each Board meeting, directors declare any conflicts or changes to their independence. In the event of such a conflict, the Board acts appropriately and takes minutes of its actions. The Board Charter sets out the process that the Company applies if a conflict arises for one or more of its directors. In particular, a director who has a conflict with respect to a matter will not, without the Chairman's approval, receive relevant Board papers, or be present during any discussion or vote on that matter. In the event that the Chairman has a conflict, the Lead Independent Director's approval is required.

## 1.6 INDEPENDENT ADVICE

Directors are entitled to take independent professional advice at the Company's expense, where the directors judge such advice to be necessary or appropriate.

## 1.7 COMPANY SECRETARY

Under the Board Charter, the appointment, performance review and, where appropriate, the removal of the Company Secretary is a key responsibility of the Board. As a result, the Company Secretary is accountable directly to the Board, through the Chairman, including on all matters to do with the proper functioning of the Board.

## 1.8 PERFORMANCE REVIEW

The Group encourages excellence from all its employees and the directors recognize that the performance of all its people, including its directors, is enhanced by a structured performance review process.

## REVIEW OF BOARD PERFORMANCE

There is a review of Board, Committee and individual director performance every 12 months. The review of Board and Committee performance involves:

- a comparison of performance against agreed relevant criteria; and
- an examination of the Board's and the Committees' overall effectiveness.

The criteria against which the performance of the Board and its Committees is assessed include:

- strategy formulation;
- monitoring of business performance;

- monitoring of risk management;
- monitoring of regulatory compliance; and
- succession planning.

The review of individual director performance involves a comparison of the director's performance against agreed relevant criteria, including:

- the level and relevance of the expertise the director brings to the Board and its Committees;
- the time commitment the director demonstrates via preparation for, and participation in, Board and Committee meetings;
- the extent to which the director brings an independent and questioning mind to the matters brought before the Board and its Committees; and
- the extent to which the director seeks, despite inevitable differences of opinion, to maintain a respectful and collegiate atmosphere at all times when dealing with other directors and employees.

In addition, informal reviews are conducted as necessary and any director may suggest that the Board conduct an additional formal review earlier than the regular annual review.

A Board, Committee and director evaluation was completed during the Reporting Period in accordance with the process outlined above.

In June 2017, all directors completed detailed surveys regarding the Board's and each Committee's performance. Each director provided ratings and comments regarding the Board's and each Committee's key activities, as well as comments regarding the Board's and each Committee's overall performance. The Company Secretary collated those ratings and comments, without attributing them to any director, and circulated them to the directors. The Nominations Committee discussed the key themes arising from those ratings and comments and agreed actions to enhance Board and Committee performance.

In addition, the Chairman met with each other non-executive director to discuss that director's individual performance during the Reporting Period. The Deputy Chairman also met with the Chairman to discuss the Chairman's individual performance during the Reporting Period. At each meeting, succession of the relevant non-executive director was also discussed. The outcome of these discussions was shared with the other non-executive directors, as appropriate.

In addition, the Nominations Committee evaluates the performance of individual non-executive directors as those directors become eligible for election and re-election, as part of its assessment of whether the Board should support the relevant election or re-election. The Nominations Committee conducted a review of the directors standing for election or re-election at the Company's 2017 Annual General Meeting.

## REVIEW OF SENIOR MANAGEMENT PERFORMANCE

The Board establishes performance criteria for the CEO and conducts a performance review of the CEO at least annually. The Board is advised on these matters by the Nominations Committee.

In turn, the CEO conducts annual performance reviews of other senior executives and reports on their performance to the Remuneration Committee.

Each senior executive, including the CEO, has a written position description and a service contract.

The relevant criteria against which the performance of the CEO and the other senior executives is assessed include:

- financial criteria relevant to the individual's responsibilities and influence; and
- personal performance indicators referable to achieving the objectives of their role.

The performance of the CEO and the other senior executives was reviewed in this manner during the Reporting Period.

## PART 2 – OPERATION AND RESPONSIBILITIES OF THE BOARD AND BOARD COMMITTEES

**Relevant policies and charters** (see <http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx>)

- Board Charter
- Audit and Risk Committee Charter
- Nominations Committee Charter
- Remuneration Committee Charter
- Health, Safety and Environment Committee Charter
- Continuous Disclosure Policy

### 2.1 BOARD ROLE AND RESPONSIBILITIES AND MATTERS RESERVED FOR THE BOARD

The Board's role is to set strategic direction and policy for the Group for the benefit of the Company's shareholders and other stakeholders. The Board is accountable to shareholders for the Group's performance.

The Board's key responsibilities are set out in the Board Charter and include:

- approving the Group's strategic direction;
- setting goals for and monitoring Group performance;
- appointing the CEO;
- overseeing the implementation of the Group's risk management systems;
- authorizing key Group policies; and
- approving the Group's interim and annual financial statements.

Matters reserved for the Board are set out in the Board Charter, the Continuous Disclosure Policy and the CEO's Delegation of Authority and include:

- approving Group budgets and business plans;
- approving significant acquisitions and divestments;
- approving capital raisings, major borrowing and the giving of security over assets;
- determining what disclosure ought to be made regarding earnings guidance, acquisitions, divestments and capital raisings; and
- approving entry into contracts in excess of the authority limits set out in the CEO's Delegation of Authority.

### 2.2 SENIOR MANAGEMENT ROLE AND RESPONSIBILITIES AND MATTERS DELEGATED TO SENIOR MANAGEMENT

The role of senior management is to deliver the strategic direction and goals determined by the Board.

Senior management is responsible for matters including:

- undertaking the day-to-day management of the Group's operations and finances;
- reporting to the Board on matters including the Group's operations and financial performance;
- recommending Group strategy, budgets, plans, policies and risk management systems to the Board; and
- determining Group policies, other than those reserved for the Board.

Matters delegated to senior management are set out in the Continuous Disclosure Policy and the Delegations of Authority given to the CEO and in turn to various members of senior management. Those matters include the following, up to certain limits of authority:

- approving entry into contracts under which the Group will provide services;
- settling legal claims;
- approving credit facilities;

- approving the procurement of equipment and IT hardware and software;
- approving entry into office leases; and
- determining the extent to which foreign exchange exposures ought to be hedged.

### 2.3 BOARD MEETINGS

The Board meets in person at least six times a year, with additional meetings and briefings held as required, usually by telephone. Senior executives are invited to attend certain Board meetings, even if they are not Board members. This provides a direct line of communication between the directors and management present. Non-executive directors also meet at least six times a year without management. Details of the Board and standing Board Committee meetings held during the Reporting Period and attendances at those meetings are set out on page 31 of the Annual Report.

### 2.4 BOARD COMMITTEES

The Board has established four standing Committees to assist it in carrying out its responsibilities: the Audit and Risk Committee; the Nominations Committee; the Remuneration Committee; and the Health, Safety and Environment Committee. Each of the Committees has a formal charter in place.

Each Committee is comprised of:

- a non-executive director as Chairman;
- only non-executive directors, the majority of whom are independent; and
- at least three members.

Senior executives may attend Committee meetings upon invitation from the relevant Chairman.

#### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board in overseeing the integrity of the Group's financial reporting, risk management framework and internal controls.

The Committee has an important role in supervising and monitoring the progress of both the Internal Audit and Risk Management functions. In addition, it manages the Group's relationship with the external auditor, including:

- the auditor's appointment, evaluation and (if appropriate) removal; and
- approval of the auditor's engagement terms, fees and audit plan.

The Audit and Risk Committee also reviews and makes recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management processes. This includes considering the effectiveness of risk management processes, and compliance and internal control systems.

The Chairman of the Committee is an independent director who is not the Chairman of the Board. The following directors were members of the Audit and Risk Committee during the Reporting Period:

<i>Name</i>	<i>Duration</i>
Catherine Livingstone (Chair from 19 February 2017)	Whole Reporting Period
Erich Fraunschiel (Chairman until 19 February 2017)	Whole Reporting Period
Ron McNeilly	Whole Reporting Period
Wang Xiao Bin	Whole Reporting Period
Larry Benke	Until 25 October 2016

Details of the Audit and Risk Committee meetings held and attendances at those meetings are set out on page 31 of the Annual Report.

#### NOMINATIONS COMMITTEE

The Nominations Committee assists and advises the Board on matters relating to Board composition and performance, including director independence, and the CEO's appointment, performance review and remuneration. The Committee reviews, assesses and advises the Board in relation to the necessary and desirable competencies of directors. It also oversees director selection and appointment.

All non-executive directors are members of the Nominations Committee.

<i>Name</i>	<i>Duration</i>
John Grill (Chairman)	Whole Reporting Period
Ron McNeilly	Whole Reporting Period
Jagjeet Bindra	Whole Reporting Period
Erich Fraunschiel	Whole Reporting Period
Christopher Haynes	Whole Reporting Period
Catherine Livingstone	Whole Reporting Period
Wang Xiao Bin	Whole Reporting Period
Larry Benke	Until 25 October 2016
John M Green	Until 25 October 2016

Details of the Nominations Committee meetings held and attendances at those meetings are set out on page 31 of the Annual Report.

Although ASX Recommendation 2.1 recommends that the Chairman of the Nominations Committee should be an independent director, the Board considers that Mr Grill is the appropriate non-executive director for this role. In the Board's view, as Chairman of the Board, Mr Grill is also best placed to lead the Nominations Committee in performing its duties. Further, even though Mr Grill is not an independent director, his substantial shareholding aligns his interests with those of other shareholders.

The Nominations Committee and the Board consider the composition of the Board at least twice annually: when assessing the Board's performance and when considering director elections and re-elections. In addition, the Nominations Committee also considers Board composition before appointing any new director and when a director retires.

In considering whether the Board will support the election or re-election of incumbent directors, the Nominations Committee considers the skills, knowledge, experience, independence and diversity of that director, along with the contribution made to the Board by the director and the contribution that the director is likely to make if elected or re-elected.

Following this assessment, the Nominations Committee will make a recommendation to the Board as to whether or not the Board should support the election or re-election of the director.

All material information in the Group's possession that is relevant to the decision as to whether or not to elect or re-elect the director is provided to shareholders in the explanatory notes accompanying the notice of meeting for the annual general meeting at which the election or re-election is to be considered.

When considering the appointment of new directors, the Nominations Committee assesses the range of skills, knowledge, experience, independence, diversity and other attributes from which the Board would benefit and the extent to which current directors possess such attributes. This assessment allows the Nominations Committee to provide the Board with a recommendation concerning the attributes for a new director, such that they balance those of existing directors. The Board considers the Nominations Committee's recommendation and determines the attributes for which it is searching.

Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by directors) as appropriate. Following this assessment, the Nominations Committee will make a recommendation to the Board concerning the proposed appointment.

If the Board decides to continue the process, all directors will meet with the proposed director. The Board will then make its final decision with regard to the appointment.

### REMUNERATION COMMITTEE

The Remuneration Committee assists and advises the Board on matters relating to Board remuneration, and the performance and remuneration of the Company's Group Leadership Team. The Committee is responsible for ensuring that the Group has and observes coherent remuneration policies and practices which enable it to:

- attract and retain executives, directors and other employees who will create value for shareholders;
- generate sustained business performance; and
- support the Group's objectives, goals and values.

Further details on the operation of the Committee are set out in the Remuneration Report on page 37 of the Annual Report.

The following directors were members of the Remuneration Committee during the Reporting Period:

Name	Duration
Jagjeet Bindra (Chairman)	Whole Reporting Period
John Grill	Whole Reporting Period
Ron McNeilly	Until 24 August 2016
Christopher Haynes	From 24 August 2016
John M Green	Until 23 August 2016

Details of the Remuneration Committee meetings held and attendances at those meetings are set out on page 31 of the Annual Report.

### HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The Health, Safety and Environment Committee assists the Board to fulfill its responsibility to oversee health, safety and environmental matters arising out of the Group's activities.

It is responsible for making recommendations to the Board regarding:

- the effectiveness of the resources and processes that the Group uses to manage health, safety and environmental risks and to comply with health, safety and environmental laws;
- the Group's and management's respective performance with respect to health, safety and environment; and
- the identity of independent third parties to be appointed to verify the effectiveness of the Group's resources, process and performance with respect to health, safety and environment, along with the scope of their role and how frequently verification will be undertaken.

The following directors were members of the Health, Safety and Environment Committee during the Reporting Period:

Name	Duration
Christopher Haynes (Chairman)	Whole Reporting Period
John Grill	Whole Reporting Period
Ron McNeilly	Whole Reporting Period
Jagjeet Bindra	Whole Reporting Period
Larry Benke	Until 25 October 2016

Details of the Health, Safety and Environment Committee meetings held and attendances at those meetings are set out on page 31 of the Annual Report.

## PART 3 – GOVERNANCE POLICIES APPLYING TO THE GROUP

**Relevant policies and charters** (see <http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx>)

- Code of Conduct
- Securities Dealing Policy
- Continuous Disclosure Policy
- Corporate Risk Management Policy
- Corporate Responsibility Policy
- Diversity and Inclusion Policy

### 3.1 ETHICAL DECISION MAKING – THE CODE OF CONDUCT

The Board has approved various policies and codes to promote the Group's approach to ethical and responsible decision making. The Group's Code of Conduct (Code) guides the Group's personnel, including directors, as to the standards of behavior expected of them. The Code has been translated into Arabic, Bahasa Indonesian, Bahasa Malay, Bulgarian, French, Hindi, Kazakh, Mandarin, Norwegian, Polish, Portuguese, Russian, Spanish, Tagalog, Thai and Vietnamese.

While the Code seeks to prescribe standards of behavior for all Group personnel, including directors, to observe, it does not, and understandably cannot, identify every ethical issue that an individual might face. The Code's objective is to provide a benchmark for professional and personal behavior throughout the Group, to safeguard the Group's reputation and to make clear the consequences of breaching the Code.

The Code deals with many ethical issues, including the importance of:

- a safe and harassment-free workplace;
- good corporate citizenship and compliance with laws;
- professional integrity (including avoiding conflicts of interest); and
- protection of the Group's reputation, assets, resources, information and records.

All Group employees:

- receive a copy of the Code and training in relation to it when they start with the Group and thereafter on an annual basis; and
- can access the Code from the Group's intranet or request a copy from their local human resources representative.

### 3.2 SECURITIES DEALING POLICY

The Board has approved a Securities Dealing Policy that applies to all the Group's personnel, including directors. The Policy is designed to:

- explain the type of conduct in relation to dealings in securities that is prohibited under the relevant law and by the Group, including insider trading; and
- establish a procedure for buying, selling or otherwise dealing in the Company's securities that prohibits dealing by personnel and their associates during specified closed periods without prior approval from the Chairman of the Audit and Risk Committee, Chairman of the Board, CEO or Company Secretary, as appropriate. Such approval will only be granted in exceptional circumstances.

The Act prohibits members of the Group's key management personnel and their closely related parties from hedging any performance rights that they have been granted under the WorleyParsons Performance Rights Plan. Under the Securities Dealing Policy, all personnel and their associates are prohibited from hedging any performance rights that they hold and they are also prohibited from hedging any shares that they hold that are subject to transfer restrictions or any minimum holding requirements.

Hedging includes entering into any transaction or arrangement in financial products which operates to limit the economic risk of a

security holding in the Company, including equity swaps and contracts for difference.

### 3.3 MANAGEMENT OF MATERIAL BUSINESS RISKS

The Group has a Corporate Risk Management Policy and Risk and Assurance framework. The Board decides on the level of risk that the Group is willing to take and requires management to design and implement risk management and internal control systems to identify, assess and manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Risk and Assurance framework describes the objectives, strategies, resources and responsibilities for managing risk and how assurance is to be provided to the Board and management in relation to compliance and effectiveness.

The Group's risk management approach is based on the International Standard ISO 31000:2009 Risk management – Principles and guidelines. This approach adopts best practice in risk management insofar as it relates to the Group's requirements. The Group's risk management systems are mature and embedded throughout the operations via the Group's Enterprise Management System.

The Group has processes to systematically identify, assess and report on both financial and non-financial material business risks. Part of this process requires the Group's Internal Audit function to report to the Board as to the effectiveness of the Group's management of its material business risks and internal controls.

A strategic and operational Corporate Risk Report is prepared and analyzed by both management and the Board twice a year. The Board received reports from management on the effectiveness of the Group's management of material business risks during the Reporting Period.

This process enables the Board to consider the effectiveness of the Group's management of its material business risks.

During the Reporting Period, the Audit and Risk Committee reviewed the Group's risk management framework to satisfy itself that the framework continues to be sound.

In addition, management reported to the Committee regarding:

- the Group's risk management systems and processes;
- the extent to which those management systems and processes are being applied within the Group; and
- the quality and effectiveness of risk reporting and assurance within the Group.

The Board also received, before it approved the Company's financial statements for the half-year and full-year financial periods, a written assurance from the CEO and the Chief Financial Officer (CFO) that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Group has material exposures to economic and social sustainability risks and seeks to mitigate those exposures as set out on pages 28 to 29 of the Annual Report.

The following table identifies which of those exposures is considered to be an economic and/or social sustainability risk. The Group does not have any material exposures to environmental sustainability risks.

<i>Risk type</i>	<i>Identified risk</i>
Economic sustainability risks	Reputation
	Health and safety
	Internal reporting
	Liquidity
	Contract management
	Demand
	Strategy
Environmental sustainability risks	Project delivery
	Nil
Social sustainability risks	Reputation
	Health and safety
	Project delivery

### 3.4 INTERNAL AUDIT

The Internal Audit function is independent of management and is overseen by the Audit and Risk Committee. It provides assurance that the Group's financial and operational risks are being managed appropriately and that its internal control framework is operating effectively. In addition to the Director of Internal Audit's ongoing audit reports, they provide an annual assessment to the Audit and Risk Committee of the adequacy and effectiveness of the Group's control processes and risk management procedures in light of the nature, function and size of the Group's operations.

### 3.5 CONTINUOUS DISCLOSURE

The Board is committed to ensuring that the Company complies with its continuous disclosure obligations and has approved a Continuous Disclosure Policy that applies to all Group personnel, including directors. The Board seeks to promote investor confidence by seeking to ensure that trading in the Company's shares takes place in an informed market.

The Continuous Disclosure Policy seeks to ensure that:

- all Group personnel are aware of the Company's obligations;
- there is accountability at a senior executive level for timely disclosure of material information; and
- shareholders and the market in general are kept properly informed of price sensitive information affecting the Company.

The Continuous Disclosure Policy establishes a Disclosure Committee. The Disclosure Committee's role is to consider matters which are potentially material and price sensitive and to determine whether those matters are required to be disclosed to the market.

The Disclosure Committee comprises the CEO or the CFO, the Company Secretary and at least one non-executive director. The Board considers any major disclosure matters such as results, profit guidance and major acquisitions.

The Company discharges its obligations by releasing price sensitive information in ASX announcements and in other documents distributed to shareholders, such as the annual report.

### 3.6 COMMUNICATING WITH SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all material information relating to the Company by communicating to shareholders through:

- continuous disclosure reporting to the ASX;
- its annual reports; and
- media releases and other investor relations publications on the Group's website.

In addition, the Company provides other information about itself and its governance via its website

(<http://www.worleyparsons.com/Pages/Default.aspx>)

## ANNUAL GENERAL MEETING

The Board is also mindful of the importance of not only providing information, but also of enabling two-way communication between the Company and its shareholders.

Traditionally, the key forum for two-way communication between the Company and its shareholders is its annual general meeting. The Board encourages shareholder participation at that meeting. Shareholders who are unable to attend are provided with a facility through which they may submit questions and comments before the meeting, to the Company or the auditor. At the meeting, the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate.

Further, the Company's external auditor attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## OTHER MEETINGS AND PRESENTATIONS

In addition, from time to time, senior management meet with shareholders and analysts. Before those meetings, presentations to be made at the meeting are released to the market via the ASX and then published in the Investor Relations section of the Group's website, if they contain information that may be price sensitive and is not already publicly available.

From time to time, the Board Chairman and the Remuneration Committee Chairman meet with shareholders.

## RESPONDING TO QUERIES

Further, Investor Relations executives endeavor to respond to queries from shareholders and analysts for information in relation to the Group, provided the information requested is already publicly available or not price sensitive.

## FURTHER TWO-WAY COMMUNICATION

During the Reporting Period, the Company's Investor Relations function provided two-way communication with shareholders via:

- telephone;
- webcasts; and
- face-to-face meetings.

## THE COMPANY'S REGISTRY

The Company also communicates with its shareholders via its share registry, Computershare. The registry provides shareholders with the option of receiving communications from, and sending communications to it, electronically, except in certain limited circumstances, for example, in which an original signature or document must be provided.

## 3.7 REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The Group seeks to attract and retain directors and senior executives with the appropriate expertise and ability to create value for shareholders.

The remuneration structure for the non-executive directors is not related to performance. Non-executive directors receive fees which reflect their skills, responsibilities and the time commitment required to discharge their duties. The Company does not pay retirement benefits to non-executive directors (other than superannuation contributions in accordance with its statutory superannuation obligations).

The remuneration structure for senior executives reflects the Group's performance culture: there is a direct correlation between the executive's reward and individual and Group performance so as to seek to ensure that the Group's remuneration policy is aligned with its long-

term business objectives and the interests of shareholders and other stakeholders.

Further details of the remuneration policies and practices of the Group and the remuneration paid to directors and senior executives are set out in the Remuneration Report on pages 37 to 54 of the Annual Report.

## 3.8 DIVERSITY AND INCLUSION

The Group welcomes a diverse range of employees reflecting the various countries, cultures and contexts spanned by the Group's operations. The Group considers this diversity to be one of its strengths.

The diversity of the Group's employees includes factors such as race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, language, skill levels, family status, religious, political and other beliefs and work styles.

The Group knows from experience that differences in ideas, backgrounds, patterns of thinking and approaches to work can generate value for the Group's stakeholders.

## THE GROUP'S DIVERSITY AND INCLUSION POLICY

The Group's Diversity and Inclusion Policy is available from the Group's website. The Policy includes requirements for the Board to establish measurable objectives for achieving diversity, including between genders, and to annually assess both those objectives and the Group's progress in achieving them.

The Group's commitment to diversity and inclusion is supported by its Diversity and Inclusion Expectations which apply to all of the Group's employees regardless of the contracts or projects on which they are working.

The Diversity and Inclusion Expectations are that:

- the Group's diverse and inclusive workplace is representative of the countries and communities in which it operates;
- the Group's recruitment and promotion practices are transparent, consistent and fair;
- the Group is committed to equal access to, and equivalent remuneration parameters for, roles of comparable value at all levels;
- the Group promotes flexible work practices to support the needs and responsibilities of its employees;
- all Group employees are accountable and engaged to create an inclusive work environment where individual difference is understood, respected and fully valued; and
- the Group is a diversity and inclusion leader in its industry and the communities in which it operates.

The Diversity and Inclusion Expectations provide the framework for the Group's goal of developing and maintaining a diverse and inclusive workplace, and the implementation of all diversity-related initiatives and guidelines. Senior executives are responsible for monitoring the effectiveness of the Diversity and Inclusion Expectations and for providing visible leadership with respect to the Diversity and Inclusion Policy.

The Group complies with all mandatory diversity reporting requirements. In accordance with the *Australian Workplace Gender Equality Act 2012*, relevant entities within the Group have submitted Workplace Gender Equality Reports for the Reporting Period. Those reports are available on the Group's website.

Information regarding the Group's diversity-related activities is set out on page 18 of the Annual Report.

## THE GROUP'S MEASURABLE OBJECTIVES AND CURRENT GENDER PROFILE

The Group's measurable objectives for increasing gender diversity are set out in the following table, along with the Group's progress in achieving those objectives during the Reporting Period, as at 30 June 2017.

Over the Reporting Period, the Group was able to make significant progress with the female representation at the senior executive levels and exceeded the target of 25% female representation at the CEO-1, CEO-2 and CEO-3 level. A small decrease in the number of women employees across the Group was observed.

As foreshadowed in the 2016 Corporate Governance Statement, the Board has modified the definition of "senior executives" so that it includes employees and contractors at the CEO-1, CEO-2 and CEO-3 levels, and no longer includes the CEO-4 level. The Board believes that by excluding the CEO-4 level, the objective of increasing the proportion of women senior executives to 25% by 2020 is more challenging and meaningful.

Role	Objective	2017
Women employees <sup>1</sup>	Increase the proportion of women employees to 30% by 2020	~21%
Women senior executives <sup>2</sup>	Increase the proportion of women senior executives to 25% by 2020	~26%
Women non-executive directors	Increase the number of women non-executive directors to three by 2020	2

1. This includes both the Group's employees and contractors.
2. "Senior executives" means all employees and contractors at the CEO-1, CEO-2 and CEO-3 levels.

The proportion of women employees across the whole Group, women in senior executive positions and women non-executive directors as at 30 June 2017 is set out in the following table:

Role	2017	2016	2015	2014
Women employees <sup>1</sup>	~21%	~23%	~24%	~25%
Women senior executives <sup>2</sup>	~15%	~13%	~18%	~18%
Women non-executive directors <sup>3</sup>	~29%	~22%	~25%	~25%

1. This includes both the Group's employees and contractors.
2. "Senior executives" means all members of the Group Leadership Team (including the CEO) and all executives reporting directly to a member of that team.
3. The Company has chosen to report the percentage of women non-executive directors rather than the percentage of women board members, because it has only one executive director, the CEO, who is counted as a senior executive.

This statement has been **approved by the Board of directors of WorleyParsons Limited** and is current as at 10 August 2017 unless stated otherwise.

The following table indicates where specific ASX Recommendations are dealt with in this statement:

<b>PRINCIPLES AND RECOMMENDATIONS</b>		<b>SECTION</b>
<i>Principle 1: Lay solid foundations for management and oversight</i>		
1.1	A listed entity should disclose: <ul style="list-style-type: none"> <li>a) the respective roles and responsibilities of its board and management; and</li> <li>b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	2.1 and 2.2
1.2	A listed entity should: <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	2.4
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	1.3 and 1.8
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	1.7
1.5	A listed entity should: <ul style="list-style-type: none"> <li>a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>b) disclose that policy or a summary of it; and</li> <li>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:               <ul style="list-style-type: none"> <li>1. the respective proportions of men and women on the board, in senior executive positions and across the whole organization (including how the entity has defined "senior executive" for these purposes); or</li> <li>2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	3.8
1.6	A listed entity should: <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	1.8
1.7	A listed entity should: <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	1.8
<i>Principle 2: Structure the board to add value</i>		

2.1	The board of a listed entity should:	2.4
	<ul style="list-style-type: none"> <li>a) have a nomination committee which:           <ul style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director,</li> </ul>           and disclose:           <ul style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the members of the committee; and</li> <li>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	1.3
2.3	A listed entity should disclose:	1.2 and 1.4
	<ul style="list-style-type: none"> <li>a) the names of the directors considered by the board to be independent directors;</li> <li>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 which appears on page 16 of the ASX Recommendations and is titled "Factors relevant to assessing the independence of a director", but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>c) the length of service of each director.</li> </ul>	
2.4	A majority of the board of a listed entity should be independent directors.	1.4
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the chief executive officer of the entity.	1.4
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	1.3

*Principle 3: Act ethically and responsibly*

3.1	A listed entity should:	3.1
	<ul style="list-style-type: none"> <li>a) have a code of conduct for its directors, senior executives and employees; and</li> <li>b) disclose that code or a summary of it.</li> </ul>	

*Principle 4: Safeguard integrity in corporate reporting*

4.1	The board of a listed entity should:	2.4
	<ul style="list-style-type: none"> <li>a) have an audit committee which:           <ul style="list-style-type: none"> <li>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, who is not the chair of the board,</li> </ul>           and disclose:           <ul style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the relevant qualifications and experience of the members of the committee; and</li> <li>5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its chief executive officer and chief financial officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. 3.3

4.3 A listed entity that has an annual general meeting should ensure that its external auditor attends its annual general meeting and is available to answer questions from security holders relevant to the audit. 3.6

*Principle 5: Make timely and balanced disclosure*

5.1 A listed entity should: 3.5

- a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.

*Principle 6: Respect the rights of security holders*

6.1 A listed entity should provide information about itself and its governance to investors via its website. 3.6

6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. 3.6

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. 3.6

6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. 3.6

*Principle 7: Recognize and manage risk*

7.1 The board of a listed entity should: 2.4

- a) have a committee or committees to oversee risk, each of which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director,
 and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

7.2 The board or a committee of the board should: 3.3

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

7.3 A listed entity should disclose: 3.4

- a) if it has an internal audit function, how the function is structured and what role it performs; and
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. 3.3

*Principle 8: Remunerate fairly and responsibly*

8.1	The board of a listed entity should:	2.4
	a) have a remuneration committee which:	
	1. has at least three members, a majority of whom are independent directors; and	
	2. is chaired by an independent director,	
	and disclose:	
	3. the charter of the committee;	
	4. the members of the committee; and	
	5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	
	b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	3.7
8.3	A listed entity which has an equity based remuneration scheme should:	3.2
	a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	
	b) disclose that policy or a summary of it.	