THE BOARD

JOHN SCHUBERT | CHAIRMAN AND NON EXECUTIVE DIRECTOR
John joined the Worley advisory board as Chairman in August 2000. A chemical engineer by training, John commenced his career in 1969 with ESSO in Australia. In his 24 year relationship with ESSO, John held many positions in Australia and internationally, culminating with his appointment as Chairman and Managing Director in Australia, a position he held for six years. In 1995, John was appointed Managing Director of Pioneer International and led that business to its merger with Hanson plc in May 2000. He resigned as director from Hanson plc in May 2003. John is currently President of the Business Council of Australia, Deputy Chairman of Commonwealth Bank of Australia and Chairman of G2 Therapies Limited. John is also director of Qantas Airways Limited, BHP Billiton Limited and BHP Billiton plc.

RON MCNEILLY | DEPUTY CHAIRMAN AND NON EXECUTIVE DIRECTOR
Ron is currently the Deputy Chairman of BHP Steel and has over 30 years’ experience in the steel industry. Ron joined BHP Billiton in 1982 and has held positions with BHP Billiton including Executive Director and President BHP Minerals, Chief Operating Officer, Executive General Manager and Chief Executive Officer BHP Steel, General Manager Transport, General Manager Long Products Division and General Manager Whyalla Works. Ron is Chairman of the Melbourne Business School, Chairman of Ausmelt, director of Alumina Limited, director of GH Michell Holdings Pty Limited and former director of OCT Resources and Tubemakers of Australia.

GRAHAME CAMPBELL | NON EXECUTIVE DIRECTOR
Grahame was Managing Director of CMPS&F from 1987 to 1995, one of the largest engineering and project management groups in Australia. Grahame has over 30 years’ experience in the management of major Australian and offshore infrastructure projects including oil, gas, road, rail, mining and minerals projects. Grahame is currently a director of Iluka Resources Limited and the Macro Engineering Council (Sydney University). Grahame is a past President of the Association of Consulting Engineers in Australia and a member of the Pacific Basin Economic Council. Grahame was a member of the Worley advisory board for four years.

ERICH FRAUNSCHIEL | NON EXECUTIVE DIRECTOR
Erich retired as an Executive Director and Chief Financial Officer of Wesfarmers Limited in July 2002. Erich is a director of Foodland Associated Limited, Woodside Petroleum Limited, West Australian Newspapers Holdings Limited, Rabobank Australia Limited, Wesfarmers Federation Insurance Limited and Western Australian Opera Inc. He is a member of the Finance and Treasury Association and a fellow of CPA Australia and the Australian Institute of Company Directors. Erich’s early business career was in the petroleum marketing and management consulting industries. In 1981, he joined Australian Industry Development Corporation where he worked in project lending, investment banking and venture capital investment. In 1984, he joined Wesfarmers to start the company’s projects and business development function. In 1988, he became General Manager of the group’s commercial division and was appointed Finance Director in 1992.
JOHN GREEN
NON EXECUTIVE DIRECTOR
John was a member of Worley’s advisory board for nine years, including a period as its Chairman. John is an investment banker at Macquarie Bank where he has been an executive director since 1993. John’s prior professional career was in law, including as a partner in law firms Freehill Hollingdale & Page and Dawson Waldron. John is director of the Macquarie Bank Foundation and is also director of The Centre for Independent Studies, a not-for-profit “think tank”. Previously, he was a member of ASX National Listings Committee and held a number of positions in the Securities Institute of Australia.

JOHN GRILL
CHIEF EXECUTIVE OFFICER
John joined ESSO Australia in 1968, then moved in 1971 to be Chief Executive of the entity that became Wholohan Grill and Partners. This specialised consulting practice acquired the business of Worley Engineering Pty Limited in Australia in 1987. John has personal expertise in every aspect of project delivery. He has acted for all of Worley’s major clients and remains closely involved at board level with two of the Company’s major joint ventures, Transfield Worley and Worley ABB.

DAVID HOUSEGO
CHIEF FINANCIAL OFFICER
David joined Worley in July 1999. His finance experience covers business development, corporate strategic planning, investment evaluation, investor relations and management accounting systems development. Prior to joining Worley, David held senior finance roles with Coca-Cola Amatil. Previously, David worked for a number of firms in the United Kingdom and held a variety of accounting positions with AAP Reuters and IBM Australia.

SHARON SILLS | COMPANY SECRETARY & GROUP TAX MANAGER
Sharon Sills is a member of the Institute of Chartered Accountants of Australia. She has over 12 years’ experience in taxation, both in the profession and in commerce. Prior to joining Worley, Sharon was a Taxation Manager with Arthur Andersen and briefly with NRMA Limited. Sharon joined Worley in May 2000 as Group Taxation Manager and assisted with group restructuring pre IPO and with the listing of the Company.
EXECUTIVE GROUP

GRAHAM HILL | EXECUTIVE DIRECTOR
Graham is responsible for Worley’s international business development and was previously head of Worley’s Refining, Petrochemical & Chemicals group. Prior to joining Worley in July 2002 Graham worked with KBC Advanced Technologies in Singapore, a specialist consulting company in oil refining and petrochemicals, as Vice President of Asia Pacific. Working also with Kvaerner Engineering & Construction (Davy John Brown), Graham holds a Masters Degree in Chemical Engineering and is a Fellow of the Institute of Chemical Engineers and former Institute Chairman of the Victorian Branch.

PETER MEURS | EXECUTIVE DIRECTOR
Peter joined Worley in 1988 and has functioned in project management and Company development roles including establishing the foundations of Worley’s process business, the establishment and growth of alliance and integrated services contracts in Hydrocarbons and Minerals, Metals & Chemicals and the development of Worley’s New Zealand business. Peter is responsible for Worley’s Australian locations and is the Chief Executive Officer of Transfield Worley. With a Bachelor Degree in Mechanical Engineering and a Fellow of the Institute of Engineers, Australia. Peter is also a member of the Australian Institute of Company Directors.

DAVID MOFFLIN | EXECUTIVE DIRECTOR
Heading Worley’s Industrial & Infrastructure (I&I) group, David joined Worley in 1988 following a successful academic career in the US and Canada. He has been instrumental in establishing I&I’s operations in South East Asia and played a leading role in the growth strategy for the Minerals & Metals group. David holds a Bachelor Degree in Civil Engineering and a PhD, is a Fellow of the Institution of Engineers, Australia and is a Chartered Professional Engineer in Singapore.

IAIN ROSS | EXECUTIVE DIRECTOR
With responsibility for Worley’s Hydrocarbons group, Iain began his career in the UK North Sea working for Conoco (UK) in 1983. He worked for international oil and gas companies including McDermott International Inc, John Brown and Amec Engineering prior to joining Worley in 1994 as manager of the Brunei office. Iain has a Bachelor Degree in Mechanical Engineering and a broad technical and geographical skill base.
MARK SOUTHEY | EXECUTIVE DIRECTOR
Joining Worley 12 months ago, Mark heads Worley’s fast growing Minerals, Metals & Chemicals group. Formerly a Senior Vice President with ABB, Mark brings Worley strong financial, commercial and operational experience. He has a successful track record in leading and managing large industrial and technology based global service businesses having previously held senior international management roles with both ABB and Honeywell in Europe. Mark has a MBA and a Bachelor of Science (Engineering).

RUSSELL STALEY | EXECUTIVE DIRECTOR
Joining Worley in 1989, Russell has been a key player in its strategic growth, establishing the Perth office, growing its South East Asian operations and consolidating its leadership position in oil and gas. His input has been central to Worley’s innovations in alliances and integrated service contracts, strategy development and client relationship management. He has a Bachelor Degree in Civil Engineering and is a member of the Institution of Engineers, Australia and a Chartered Professional Engineer.

DAVID STEELE | EXECUTIVE DIRECTOR
As Managing Director of Burns and Roe Worley (BRW), David heads Worley’s Power & Water group and has over 20 years’ experience in oil and gas, petrochemicals, minerals processing and power generation and transmission. Before joining Worley in 1999, David was with Rolls-Royce Industrial Power (Pacific) and ABB Engineering. He has a Bachelor Degree in Electrical Engineering and a Masters Degree in Business. He is a member of the Institution of Electrical Engineers and a Chartered Professional Engineer.

ANDREW WOOD | EXECUTIVE DIRECTOR
Andrew has over 21 years’ experience in the oil and gas industry and is responsible for Worley’s international locations. Originally based in New Zealand, Andrew has been responsible for Worley’s expansion into Thailand and the Middle East. He holds a Bachelor Degree in Engineering and Graduate Diplomas in Financial Management and Labour Management Relations. He is also a Registered Engineer with the Institution of Engineers, Australia.
CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Worley Group Limited is responsible for the corporate governance of the Company and its strategic direction. The Board is committed to applying the principles of best practice corporate governance in all aspects of the Company’s business. This statement outlines the Company’s policy in relation to corporate governance matters during the financial year.

As the board of a newly listed Australian company, the Worley Board works closely with management to monitor the business and affairs of Worley on behalf of shareholders, recognising that it also has responsibilities to Worley’s customers, employees and suppliers and to the welfare of the communities in which Worley operates. At the same time, the Board retains its independence and vigilance over monitoring the performance of management in setting and achieving strategic goals. The Board regards corporate governance as a performance enhancement opportunity for Worley, rather than a mere compliance issue.

The Board has adopted a Corporate Governance Code which reflects its commitment to best practice principles of corporate governance. The Board is also aware of, and has regard to, developments in Australia and overseas and has incorporated the recommendations of the ASX Corporate Governance Council in its regular review of corporate governance practices.

On matters of corporate governance, decisions are referred to the non executive directors.

The corporate governance section of the Company’s website contains various material relating to corporate governance, including committee Charters, the Corporate Governance Code and other information. The link to the corporate governance section of the Company’s website is www.worley.com.au.

BOARD RESPONSIBILITIES

The Board is responsible, with management, for formulating strategic direction, approving that direction and setting policy regarding the business and affairs of Worley and its controlled entities. It acts on behalf of and is accountable to the shareholders of Worley for all aspects of Worley’s performance, from financial performance to ethical performance. The Board works closely with management to set goals, budgets, plans and policies, to identify risks and to ensure that these risks are managed appropriately.

The Board also has responsibility for critically and objectively reviewing management’s performance and ensuring that management’s activities are aligned with the expectations of shareholders. The Board has a number of mechanisms in place to aid in the achievement of these objectives. In addition to the establishment of the Committees referred to below, these mechanisms include the following:

(a) reviewing and approving strategic initiatives, including the strategic plan, budgets, plans and policies which encompass Worley’s vision, mission and strategy statements;

(b) evaluating Worley’s performance against those strategies and business plans to monitor the performance of the Board and the executive team and assess the suitability of Worley’s overall strategies, business plans and resource allocation;

(c) appointing a Managing Director for the ongoing management of the business and its strategies;

(d) monitoring financial and business results (including the audit process) to understand the financial position of Worley;

(e) ensuring regulatory compliance and maintaining adequate risk management processes;

(f) reporting to shareholders;

(g) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures; and

(h) implementing a culture of compliance with the highest legal and ethical standards and business practices.

In carrying out its duties, the Board meets formally at least six times a year, with additional meetings held as required to address specific issues. Details of the Board and committee meetings held and attendances at those meetings are set out in the Directors’ Report.

The Board delegates management of the Company’s resources to the Managing Director and the executive team under his leadership, to deliver the strategic direction and goals determined by the Board. Any powers which have not been specifically reserved for the Board have been delegated to the Managing Director.

COMPOSITION OF THE BOARD

The directors in office at the date of this statement are:

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
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</thead>
<tbody>
<tr>
<td>John Schubert</td>
<td>Chairman</td>
</tr>
<tr>
<td>Ron McNeilly</td>
<td>Deputy Chairman</td>
</tr>
<tr>
<td>Grahame Campbell</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>Erich Fraunschiel</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>John Green</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>John Grill</td>
<td>Managing Director/Chief Executive Officer</td>
</tr>
<tr>
<td>David Housego</td>
<td>Chief Financial Officer</td>
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Profiles of these directors (including their skills, experience and expertise relevant to their position and the term of office held by them as at the date of this report) are included in this report on page 24.

The composition of the Board is determined in accordance with the following principles:

• The Board shall comprise at least three members, and maintain a majority of non executive directors;

• The positions of Chairman and Managing Director must be held by separate persons;

• The office of Chairman is always to be filled by a non executive director;

• The Board comprises directors with an appropriate range and mix of qualifications and expertise which enhance the Board’s performance;
• The Board annually conducts a review of its own performance;
• All directors (except the Managing Director) are required to submit themselves for re-election at regular intervals and at least every three years;
• Directors serve a maximum of three terms unless their tenure is extended by the Board; and
• Members of senior executive management are invited to attend Board meetings on a regular basis, as appropriate.

The Board has referred to the definition of independence proposed by the ASX Corporate Governance Council best practice recommendations and determined guidelines to set materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether a director is generally free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company.

Pursuant to this definition of independence, all of the non executive directors are considered to be “independent” directors. Three of these individuals served on Worley’s advisory board in earlier years, when the Company was not listed. The purpose of the advisory board was to function in a similar way to the board of a public company, providing the unlisted group with the governance framework for rigorous review and oversight of operations by non executives. The Company benefits from the continuation of these individuals as non executive directors of the listed Company.

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<tr>
<th>NAME</th>
<th>POSITION</th>
<th>YEAR JOINED ADVISORY BOARD</th>
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</thead>
<tbody>
<tr>
<td>John Schubert</td>
<td>Chairman</td>
<td>2000</td>
</tr>
<tr>
<td>John Green</td>
<td>Non Executive Director</td>
<td>1993</td>
</tr>
<tr>
<td>Grahame Campbell</td>
<td>Non Executive Director</td>
<td>1998</td>
</tr>
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In the opinion of the Board, its present composition fairly represents the interests of all shareholders in the Company.

As a matter of principle, Board and committee members have access to the appropriate external and professional advice needed to assist them in fulfilling their respective roles.

BOARD REVIEW
The Board conducts a formal review of its performance, policies and practices every 12 months. The review includes:
(a) comparing Board performance against agreed external benchmarks;
(b) examining the effectiveness and composition of the Board;
(c) reviewing of the Company’s strategic direction and objectives;
(d) assessing whether corporate governance principles are appropriate and reflect “best practice”; and
(e) assessing whether the expectations of differing shareholder groups have been met.

Informal reviews are conducted as necessary and any director may suggest that the Board conduct a formal review earlier than the 12 month timeframe which generally applies.

The Board also establishes performance criteria for the Managing Director and formally conducts a review of the Managing Director at least annually.

BOARD COMMITTEES
To ensure the Board is well equipped to discharge its responsibilities, it has established two standing committees, being:
(a) Audit and Risk Committee; and
(b) Nominations and Remuneration Committee.

Each Committee has a non executive director as Chairman and only non executive directors can be members of the Committees. Each Committee has a Charter, which is reviewed by the Board annually. Committee members have access to the appropriate external and professional advice needed to assist the Committee in fulfilling its role. The Board may establish such other committees as it determines appropriate.

NOMINATIONS AND REMUNERATION COMMITTEE
The Nominations and Remuneration Committee meets as often as required, but generally every four months or coincident with every second Board meeting.

The Nominations and Remuneration Committee reviews and makes recommendations to the Board regarding the structure of the Board, Board Committees and individual directors. This includes matters relating to the appointment and remuneration of the directors, assessing the skills required on the Board, establishing processes for the review of the performance of the Board and for the identification of suitable candidates for appointment to the Board.

The Committee is responsible for reviewing and recommending the remuneration strategy for the Managing Director, the Board members and those executives who report directly to the Managing Director. In developing its remuneration policy, the Committee has regard to the need to attract and retain executives and directors who will create value for shareholders, the performance of the Company and the executive, and the general pay environment.

The Committee also considers matters including succession and senior executive compensation policy and the Company’s recruitment, retention and termination policies. The Committee makes recommendations to the Board regarding the specific remuneration of the Managing Director and advises the Board on the Managing Director’s performance criteria and annual performance review.
The following non executive directors were members of the Nominations and Remuneration Committee throughout the year:

<table>
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<tbody>
<tr>
<td>John Schubert</td>
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<tr>
<td>John Green</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>Grahame Campbell</td>
<td>Non Executive Director</td>
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Members of management attend meetings at the invitation of the Committee chairperson.

AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee, which meets as often as required, but generally every four months or coincident with every second Board meeting. The Audit and Risk Committee has a formal Charter which outlines the role and function of the Committee.

The Committee’s role in relation to audit is to assist the Board in reviewing financial reporting, the appropriateness of accounting policies and the application of those policies, and the identification and management of risk and internal control systems. It reviews the reliability of financial information and controls, and monitors compliance with accounting policies, financial reporting and disclosure practices.

It is the Board’s responsibility to ensure that Worley’s internal control and reporting procedures are adequate, effective and ethical. The Audit and Risk Committee assists the Board in evaluating the performance and independence of the external auditor. It nominates the external auditor to the Board, advises the Board on the remuneration, appointment and removal of the external auditor and approves the terms of the contract with the external auditor. The Audit and Risk Committee evaluates the performance, resourcing and effectiveness of the internal audit function. It reviews and makes recommendations on the strategic direction, objectives and effectiveness of Worley’s financial and operational risk management policies.

The Audit and Risk Committee consists of three non executive directors. The Chairman is appointed by the Board at the beginning of each calendar year and may not be the Chairman of the Board. The Managing Director, the Finance Director and other members of management attend meetings of the Audit and Risk Committee at the invitation of the Chairman. The external auditor attends meetings at the invitation of the Committee and the Committee members meet periodically with the external auditor without management present.

The following non executive directors were members of the Audit and Risk Committee:

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<tr>
<th>NAME</th>
<th>POSITION</th>
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<tbody>
<tr>
<td>Erich Fraunschiel</td>
<td>Chairman</td>
</tr>
<tr>
<td>Ron McNeilly</td>
<td>Non Executive Director</td>
</tr>
<tr>
<td>Grahame Campbell</td>
<td>Non Executive Director</td>
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Members of the Audit and Risk Committee are financially literate and the Board is of the opinion that sufficient financial expertise and knowledge of the industry in which the Company operates is possessed by the members of the Committee. Details of the qualifications of the Audit Committee members are included in this report on page 24.

It is Group policy that the partner managing the audit for the external auditor shall not serve for more than five consecutive years.

The Board has adopted a policy in relation to the provision of non-audit services by Worley’s external auditor which is based on the principle that work should not be carried out by the external auditor which may detract from the auditor’s independence and impartiality, or be perceived as doing so.

The Committee also reviews and makes recommendations on the strategic direction, objectives and effectiveness of the Company’s financial and operational risk management policies. This includes ensuring compliance with relevant laws and regulations and periodically reviewing the effectiveness of its risk management, internal compliance and control systems.

Worley also has in place a system of internal controls for the identification and management of financial risk; including a system of internal sign-offs to ensure Worley is in compliance with its legal obligations.

REMUNERATION

Non executive directors are paid an annual fee within a fixed amount approved for all non executive directors by shareholders. The total annual amount approved for the Company is currently $600,000. This is a maximum aggregate amount.

For the period 1 July 2002 to 30 June 2003, in aggregate the directors received fees of $1,826,324 for Board duties.

The fees paid to directors take into account what is paid by comparable companies, and what is necessary to attract high calibre people. In line with general industry practice, the Board reviews its remuneration strategies in relation to non executive directors from time to time.

Non executive directors are required to take at least 25% of their remuneration as shares in Worley. They must hold these shares for 10 years or until they cease to be members of the Board. Non executive directors do not participate in Worley’s incentive schemes and are not entitled to any retirement benefits.
Executive directors’ remuneration is determined in accordance with market remuneration data. Mr Grill’s and Mr Housego’s remuneration, including eligibility for performance bonuses or performance rights awards, is reviewed and approved by the Nominations and Remuneration Committee.

Further details regarding the remuneration paid to directors and senior executives of the Company and the Group are set out in the Directors’ Report at page 39.

CODE OF CONDUCT

The Board has not as yet approved an Ethical Code of Conduct to guide directors, the Managing Director and other key executives of Worley as to the practices necessary to ensure that directors, executives, management and employees carry out their duties and responsibilities to the highest ethical standards. However, the Company has a strong internal risk management and control framework. An Ethical Code of Conduct is being developed for adoption by the Board early next year.

Similarly, the Board has not as yet adopted a formal Board Charter as recommended by the ASX Corporate Governance Council, however, the Board has adopted a Corporate Governance Code, which addresses many of the issues that would generally be addressed by a Board Charter. Worley will be reviewing its Corporate Governance Code in light of the ASX Corporate Governance Council’s best practice recommendations in early 2004 and will adopt, if appropriate, a formal Board Charter.

SECURITIES DEALING POLICY AND DIRECTORS’ SHAREHOLDINGS

The Company’s Constitution does not require directors to hold shares in Worley. However, the Board has separately determined that each non-executive director is required to take at least 25% of their annual remuneration as shares in Worley. Directors’ shareholdings are shown on page 40.

The Board has adopted a Securities Dealing Policy which applies to all directors, employees and contractors of the Worley Group. Under the terms of that policy, directors, employees and contractors may only deal in Worley shares during specified trading windows and are prohibited from dealing where they are in possession of material price sensitive information which is not generally available.

Directors and senior executive management are subject to additional restrictions, as follows:

- They are prohibited from hedging their shareholdings;
- They must inform the Chairman, Chief Executive Officer or Chief Financial Officer of their intention to trade their shares prior to doing so;
- They may not trade or hedge their shares prior to vesting of shares or Performance Rights;
- Directors and senior executive management participating in the Worley Performance Rights Plan are prohibited from hedging their Performance Rights; and
- Any short term trading in Worley shares is prohibited.

COMMUNICATIONS TO SHAREHOLDERS

The Board is committed to Worley achieving best practice in complying with its continuous disclosure obligations and has approved a Continuous Disclosure Policy to ensure ongoing compliance by Worley with its obligations under the Corporations Act and ASX Listing Rules.

The Policy applies to directors and senior management; however, it is designed to ensure that all relevant staff members are aware of Worley’s obligations so they can assist with reporting potentially sensitive information to appropriate persons within the Company. This ensures that shareholders and the market in general are kept properly informed of matters of a material nature affecting the Company, on a timely basis.

Worley discharges this obligation by releasing material price sensitive information to the ASX in the form of an ASX release, or disclosure in other documents distributed to shareholders such as the annual or half year report.

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

- The annual report, which is distributed to all shareholders;
- The half yearly report, which is distributed to all shareholders;
- Media releases and other investor relations publications on its website at www.worley.com.au; and
- Periodic mail outs to all shareholders.

In addition, the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Company’s strategy and goals. The Company invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.