

Corporate Governance

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, personnel and suppliers as well as to the communities in which it operates.

The Board has ultimate authority and oversight of the Group and regards corporate governance as a critical element in the drive to improve the Group's performance and achieve the Group's vision of being the preferred global provider of technical, project and operational support services. Accordingly, the Board has adopted appropriate charters, codes and policies and established a number of Committees to discharge its duties.

The Corporate Governance page in the Investor Relations section of the Group's website (www.worleyparsons.com) contains most of the

charters, codes and policies which are referred to in this statement. These documents are periodically reviewed and enhanced where necessary to take account of changes in the law and governance practises.

The Group's governance systems meet the requirements of the *Corporations Act 2001* (the Act), the Listing Rules of the Australian Securities Exchange (ASX Listing Rules and ASX respectively) and each of the recommendations set out in the *Corporate Governance Principles and Recommendations with 2010 Amendments* (2nd Edition) released in June 2010 by the ASX Corporate Governance Council (ASX Recommendations).

As required by the ASX Listing Rules, this statement discloses the extent to which the Company has followed the ASX Recommendations during the reporting period comprising the year ended 30 June 2012 (Reporting Period).

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

PRINCIPLES AND RECOMMENDATIONS	SECTION
Principle 1: Lay solid foundations for management and oversight	
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	1.7
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	1.7, 2.1
Principle 2: Structure the board to add value	
2.1 A majority of the board should be independent directors.	1.1, 1.2, 1.4
2.2 The chair should be an independent director.	1.1, 1.2, 1.4
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	1.1, 1.2
2.4 The board should establish a nomination committee (according to the commentary set out in the ASX Recommendations, it should consist of a minimum of three members, the majority being independent and have an independent chair).	1.3, 2.3
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1.7
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	1.2, 1.3, 1.4, 1.6, 1.7, 2.3
Principle 3: Promote ethical and responsible decision making	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	1.5, 2.4, 3.1
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	3.8
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	3.8
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.	3.8
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	3.1, 3.2

PRINCIPLES AND RECOMMENDATIONS	SECTION
Principle 4: Safeguard integrity in financial reporting	
4.1 The board should establish an audit committee.	2.3
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> consists of only non-executive directors; consists of a majority of independent directors; is chaired by an independent chair who is not chair of the board; and has at least three members. 	2.3
4.3 The audit committee should have a formal charter.	2.3
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	2.3
Principle 5: Make timely and balanced disclosure	
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	2.4, 3.5
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	3.5
Principle 6: Respect the rights of shareholders	
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	3.6
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	3.6
Principle 7: Recognize and manage risk	
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2.3, 3.3, 3.4
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	3.3
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	3.3
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	3.3
Principle 8: Remunerate fairly and responsibly	
8.1 The board should establish a remuneration committee.	2.3
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> consists of a majority of independent directors; is chaired by an independent chair; and has at least three members. 	2.3
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	3.7
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	2.3, 3.2

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 Statement can be found on page 28 of the Annual Report.

Corporate Governance continued

PART 1 – COMPOSITION AND GOVERNANCE POLICIES OF THE BOARD

Relevant policies and charters – Board Charter
(see www.worleyparsons.com)

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 and/or non-executive 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, experience, expertise and diversity;
- the performance of the Board 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
Ron McNeilly	Non-Executive Director
Larry Benke	Non-Executive Director
Erich Fraunschiel	Non-Executive Director
John M Green	Non-Executive Director
John Grill	Chief Executive Officer and Executive Director
Eric Gwee	Non-Executive Director (until 25 October 2011)
Christopher Haynes, OBE	Non-Executive Director (from 1 January 2012)
Catherine Livingstone, AO	Non-Executive Director
JB McNeil	Non-Executive Director
Wang Xiao Bin	Non-Executive Director (from 1 December 2011)
William Hall	Alternate Director to Larry Benke (until 25 October 2011)

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 included on pages 34 and 35 in the Directors' Report.

During the Reporting Period:

- Mr Gwee retired as a director on 25 October 2011;
- Mr Hall retired as an alternate director to Larry Benke on 25 October 2011;
- Ms Wang was appointed as a director on 1 December 2011;
- Dr Haynes was appointed as a director on 1 January 2012; and

- all other directors served as directors for the entire Reporting Period.

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 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 directors with experience in engineering, relevant customer sectors, general management and finance. In addition, the Board is seeking ways in which it can further its diversity.

Each non-executive director receives a letter formalizing their appointment and that letter outlines the key terms and conditions of their appointment. Executive directors each have a written position description and a service contract.

Director induction 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.

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 annual assessment of each non-executive director's independence. This assessment applies the ASX Recommendations, the Act and current corporate governance practise and adopts the definition of independence set out in the ASX Recommendations. Further, the Nominations Committee has regard to the materiality and type of interest (e.g. as shareholder, advisor, supplier or customer).

In addition, at each Board meeting, the Board reviews each non-executive director's independence. This maintains the integrity of the Board's ongoing assessment as to the independence of each non-executive director.

The Board recognizes that the accounting standards provide a useful guide as to what is or is not material in a quantitative sense. The accounting standards define materiality as an interest of more

than 10% of the relevant base (whether revenue, equity or expenses). Any interests between 5% and 10% of the base are treated as potentially material, depending on the circumstances. Any interests below 5% are treated as being immaterial. However, the Board also applies a qualitative assessment to seek to ensure that a solely quantitative approach does not result in inappropriate decisions. The Board considers whether there are any circumstances which may affect the director's interest and could, or could reasonably be perceived to, materially interfere with the director's ability to act in the Company's best interests.

The Board has considered the positions and relationships of each of the eight non-executive directors and has formed the view that seven of the eight non-executive directors in office at the conclusion of the Reporting Period are independent. The Board is of the opinion that therefore a majority of the Board is independent of the Group's management and is free of any interest that may affect its free and unfettered judgment.

Mr Fraunschiel, the Chairman of the Company's Audit and Risk Committee, is a director of Woodside Petroleum Limited (Woodside), which is a customer of the Group. Dr Haynes, the Chairman of the Company's Health, Safety and Environment Committee, is also a director of Woodside. Further, while Mr Gwee was a director of the Company, he was also a director of Singapore Power Limited (Singapore Power), which is a customer of one of the Company's Singaporean subsidiaries, WorleyParsons (DRPL) Pte Limited.

The Board considers each of Mr Fraunschiel and Dr Haynes to be independent, and Mr Gwee to have been independent, after applying the principles stated above, given the percentage of total revenue and total gross margin the Group earned both from Woodside and Singapore Power was less than the 5% threshold stated above during the Reporting Period.

In the Board's opinion, the judgment of each of Mr Fraunschiel and Dr Haynes is not impaired or conflicted even though they are directors of Woodside. The Board also notes that as a practical matter, both of those directors exercise independent judgment in the best interests of the Company without direction from Woodside and neither of them receives any remuneration other than directors' fees from either the Company or Woodside.

Further, in the Board's opinion, the judgment of Mr Gwee was not impaired or conflicted while he was a director of the Company even though he was a director of Singapore Power. Similarly, the Board also notes that as a practical matter, Mr Gwee exercised independent judgment in the best interests of the Company without direction from Singapore Power and he did not receive any remuneration other than directors' fees from either the Company or Singapore Power during that time.

Mr Benke is not regarded as independent given that he was appointed a non-executive director on the day after resigning as an executive of the Group on 30 June 2010.

1.5 NOTIFICATION OF INTERESTS AND TREATMENT OF CONFLICTS

Directors are required to notify the Chairman of any contracts, offices (including other directorships) held, 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, be present during any discussion or vote on that matter.

Neither Mr Fraunschiel nor Dr Haynes has received any relevant Board papers, been present during any discussion nor voted on any matter concerning Woodside. In addition, for the period of time while he was a director of the Company, Mr Gwee did not receive any relevant Board papers, nor was he present during any discussion and nor did he vote on any matter concerning Singapore Power.

1.6 INDEPENDENT ADVICE

Each director is entitled to take independent professional advice at the Company's expense, with the prior approval of the Chairman.

1.7 PERFORMANCE REVIEW

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

Review of Board performance

The Nominations Committee oversees the conduct of a review of Board performance, policies and practice every 12 months.

The review includes:

- comparing performance against agreed relevant criteria; and
- examining the Board's effectiveness and composition.

The relevant criteria against which the performance of the Board is assessed include the following:

- monitoring of business performance;
- regulatory compliance;
- strategy formulation; and
- succession planning.

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.

From time to time, the Board engages external consultants to undertake an independent review of the Board and individual directors' performance and effectiveness.

A Board and Board Committee evaluation took place during the Reporting Period in accordance with this process. This evaluation was conducted by the Chairman in the form of individual interviews with each non-executive director. The interviews covered matters such as their individual contribution, Board and Board Committee performance and the functioning of the Board and Board Committee processes. The outcomes of the one-on-one interviews were discussed with the Board which also had further discussions concerning Board and Board Committee performance.

In addition, the Nominations Committee evaluates the performance of individual directors as those directors become eligible for election and re-election.

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Review of the performance of senior management

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 senior executives, which inform senior executives' remuneration packages, 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 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 and remuneration of the CEO and the senior executives were reviewed in this manner during the Reporting Period.

PART 2 - OPERATION AND RESPONSIBILITIES OF THE BOARD AND BOARD COMMITTEES

Relevant policies and charters (see www.worleyparsons.com)

- 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 RESPONSIBILITIES AND DELEGATION TO SENIOR MANAGEMENT

The Board's responsibilities and those matters delegated to senior executives are set out in the Board Charter.

The Board is responsible for approving the Group's strategic direction and objectives. It monitors all aspects of the Group's performance. The Board works with senior executives to formulate strategic direction, to set goals, budgets, plans and policies and to identify and mitigate risk.

Directors' deliberations in Board meetings and the application of the Group's policies facilitate the Board's critical and objective review of management's performance and enable the Board to align senior executives' activities with shareholder expectations.

The Board has given the CEO a written delegation to manage the Group's operations and it states that he must exercise his delegation always wholly for the benefit of the Company and in accordance with the Group's Code of Conduct and other Group policies. The CEO has given a written delegation to his direct reports and similarly, his direct reports must exercise their delegation always wholly for the benefit of the Company and in accordance with the Group's Code of Conduct and other Group policies. This gives the CEO and his management team a framework within which to drive the Group's strategic direction and meet the goals determined by the Board.

2.2 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 Board meetings on a regular basis, even if they are not Board members. This provides a direct line of communication between the directors and management.

Non-executive directors also meet at least six times a year without management. Details of the Board and Committee meetings held during the Reporting Period and attendances at those meetings are set out below:

DIRECTOR	BOARD		AUDIT AND RISK COMMITTEE		NOMINATIONS COMMITTEE		REMUNERATION COMMITTEE	
	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
Ron McNeilly	6	6			6	6	6	6
Larry Benke	6	5			6	6		
Erich Fraunschiel	6	6	6	6	6	6		
John M Green	6	6			6	6	6	6
John Grill	6	6						
Eric Gwee	2	2			2	2	2	2
Christopher Haynes, OBE	3	3			3	3		
Catherine Livingstone, AO	6	5	6	5	6	5		
JB McNeil	6	6	6	6	6	6	4	4
Wang Xiao Bin	4	4	4	4	4	4		

In addition to the above meetings, five special purpose meetings of standing Board Committees were held during the Reporting Period. The Board also met informally during the Reporting Period by way of a Board briefing on eight occasions. The Audit and Risk Committee met informally during the year by way of an Audit and Risk Committee briefing on one occasion.

All non-executive directors who are not members of the standing Board Committees are invited to, and generally attend, the standing Board Committee meetings.

2.3 BOARD COMMITTEES

The Board has established four standing Committees to ensure that it is well equipped to discharge its responsibilities and to assist the Board 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, removal and evaluation 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, 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:

NAME	DURATION
Erich Fraunschiel (Chairman)	Whole Reporting Period
Catherine Livingstone, AO	Whole Reporting Period
JB McNeil	Whole Reporting Period
Wang Xiao Bin	From 1 December 2011

Details of the qualifications of the members of the Audit and Risk Committee are set out in the Directors' Report on pages 34 and 35. Details of the Audit and Risk Committee meetings held and attendances at those meetings are set out in this statement on page 22.

The Audit and Risk Committee is responsible for establishing procedures for the selection and nomination to the Board of the external auditor. Those procedures involve obtaining detailed written submissions from the proposed external auditor, including a detailed resumé for the proposed senior audit engagement partner. The Committee then interviews that partner and seeks references from third parties as to their suitability before making any recommendation to the Board in that regard.

The Committee is also responsible for establishing procedures for the rotation of the external audit engagement partner. The Committee monitors that partner during their period of appointment and may recommend to the Board that that partner rotate earlier than is required by law if the Committee is of the view that this is appropriate in all the circumstances.

The Committee, on behalf of the Board, also monitors the integrity of the external audit function by not permitting:

- the partner managing the audit for the external auditor to serve for more than five consecutive years; and/or
- the external auditor to be retained for non-audit work where such retainer may detract, or be perceived to detract, from the auditor's independence or impartiality.

Fees paid to the external auditor for non-audit work are disclosed in the financial statements.

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.

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NAME	DURATION
Ron McNeilly (Chairman)	Whole Reporting Period
Larry Benke	Whole Reporting Period
Erich Fraunschiel	Whole Reporting Period
John M Green	Whole Reporting Period
Eric Gwee	Until 25 October 2011
Christopher Haynes, OBE	From 1 January 2012
Catherine Livingstone, AO	Whole Reporting Period
JB McNeil	Whole Reporting Period
Wang Xiao Bin	From 1 December 2011

Details of the Nominations Committee meetings held and attendances at those meetings are set out in this statement on page 22.

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 election and re-election. In addition, it also considers Board composition before appointing any new director.

In considering whether the Board will support the re-election of incumbent directors, the Nominations Committee considers the skills, experience, expertise, diversity and contribution made to the Board by the incumbent director and the contribution that the director is likely to make if re-elected. If the incumbent director has already served as a director for at least three terms, the Nominations Committee will consider the desirability for Board renewal and Board composition at that time and the incumbent director's skills, experience, expertise, diversity and contribution.

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

When considering appointing new directors, the Nominations Committee assesses the range of skills, experience, expertise, 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, as a final step, 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 CEO's direct reports. The Committee is

responsible for ensuring that the Group has and observes coherent remuneration policies and practises which enable it to:

- attract and retain executives, directors and other personnel 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 at page 40 of the Annual Report.

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

NAME	DURATION
John M Green (Chairman)	Whole Reporting Period
Eric Gwee	Until 25 October 2011
JB McNeil	From 26 October 2011
Ron McNeilly	Whole Reporting Period

Details of the Remuneration Committee meetings held and attendances at those meetings are set out in this statement on page 22.

Health, Safety and Environment Committee

During the Reporting Period, the Board established a Health, Safety and Environment Committee of the Board.

That Committee assists the Board to fulfil 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.

Dr Haynes, Mr McNeilly and Mr Benke are members of the Health, Safety and Environment Committee. Dr Haynes has been appointed Chairman of the Committee.

Meetings of the Committee will begin in the year ending 30 June 2013.

2.4 OTHER COMMITTEES

In addition to the Board Committees, a number of additional Committees assist the Board in monitoring and overseeing the Group's Code of Conduct and policies that reinforce the Board's commitment to corporate governance, strong ethical standards and integrity.

Disclosure Committee

The Continuous Disclosure Policy establishes a Disclosure Committee. The role of the Disclosure Committee 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 Chief Financial Officer (CFO), the Company Secretary and at least one non-executive director. The Board will consider major disclosure matters such as results, profit guidance and major acquisitions.

Ethics Committee

The role of the Ethics Committee is to:

- assess, develop, implement and oversee Group ethics on a global basis;
- provide the oversight necessary to guide Group personnel in their efforts to adhere to ethical business practices and comply with regulatory requirements; and
- recommend to the CEO and the Executive Committee the objectives, policies and procedures that best serve the Group's interests in maintaining a business environment committed to high standards of ethics and integrity, corporate responsibility and legal compliance.

The Ethics Committee comprises senior management representatives of Risk Management, Legal, Governance, Finance, and Internal Audit. It provides a forum through which ethical issues may be reported and investigated.

PART 3 - GOVERNANCE POLICIES APPLYING TO THE GROUP

Relevant policies and charters (see www.worleyparsons.com)

- Board Charter
- Audit and Risk Committee Charter
- Nominations Committee Charter
- Remuneration Committee Charter
- Health, Safety and Environment Committee Charter
- Code of Conduct
- Securities Dealing Policy
- Continuous Disclosure Policy
- Corporate Risk Management Policy
- Diversity Policy
- Corporate Responsibility Statement

3.1 ETHICAL DECISION MAKING – THE CODE OF CONDUCT

The Board has published 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, Kazakh, Mandarin, Portuguese, Romanian, Russian, Spanish, Thai and Vietnamese.

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

The Code deals with many ethical issues, including:

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

The Group provides the Code and training in relation to it to all Group personnel when they start with the Group and provides all Group personnel with annual refresher training. All Group personnel can access the Code from the Group's intranet or request a copy from their local People group 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 to the directors (including the CEO), the CEO's direct reports and members of the CEO's Committee 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 Group's 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 Management Framework. The Board requires management to design and implement a risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Risk Management Framework supports the Corporate Risk Management Policy and describes the objectives, strategies, resources and responsibilities for managing risk.

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 so far 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.

Corporate Governance continued

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 Internal Audit group 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 Management report is prepared and analyzed by both management and the Board on a biannual basis. 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. The Board has also received a written assurance from the CEO and the CFO that the declarations provided by them, in accordance with section 295A of the Act and ASX Recommendation 7.3, are founded on a sound system of risk management and internal control and that the system is functioning effectively in relation to financial reporting and material business risks.

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 his ongoing audit reports, the Director of Internal Audit provides 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 ensuring that trading in the Company's shares takes place in an informed market.

The Continuous Disclosure Policy is designed to ensure that all Group personnel are aware of the Company's obligations and to ensure accountability at a senior executive level for timely disclosure of material information. This policy aims to ensure that shareholders and the market in general are kept properly informed of material price sensitive information affecting the Company, on a timely basis. The Company discharges this obligation by releasing material price sensitive information to the ASX in ASX announcements and 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;
- the annual report; and
- media releases and other investor relations publications on the Group's website.

The Board encourages the full participation of shareholders at the annual general meeting to seek to ensure a high level of

accountability and discussion of the Group's performance and goals. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate.

The CEO and/or the CFO, together with other senior executives, occasionally meet with analysts and investors. Any presentations made to these persons are released to the market via the ASX and published in the Investor Relations section of the Group's website. Further, the CEO and/or CFO endeavor to respond to queries from investors and analysts for information in relation to the Group, provided the information requested is already publicly available or is not information which is price sensitive.

The 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.

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 commitments 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 51 of the Annual Report.

3.8 DIVERSITY AND INCLUSION

The touchstone of the Group's success is recognizing all its personnel for their performance, competence, collaboration and sense of professional accountability. The Group welcomes a very diverse population of personnel that reflects the range of 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 personnel includes factors such as race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, 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: its customers, shareholders, personnel and the communities in which it operates. It is therefore the Group's policy to appreciate the distinctiveness of all of its personnel and to harness these differences within a productive, inclusive, talent and performance based environment, in which everybody feels valued, where their skills are fully utilized, their performance is recognized,

professional accountability is expected and organizational goals are met.

3.8.1 THE GROUP'S DIVERSITY AND INCLUSION POLICY

The Group's Diversity and Inclusion Policy is available on the Group's website.

The Group's approach to diversity and inclusion is based on the following objectives, being to:

- retain, promote and hire the best people the Group can, focusing on actual and potential contribution in terms of their performance, competence, collaboration and professional accountability;
- foster an inclusive culture and ensure that current and future opportunities for all Group personnel are based on competence and performance irrespective of race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, family status, religious, political and other beliefs and work styles. This includes being intolerant of behaviors that denigrate or otherwise diminish such attributes or that discriminate on the basis of such attributes;
- create ways to improve talent management, cultural diversity and inclusion – including where the under-representation of an available population group is preventing the Group from taking full advantage of the diversity of the talent pool;
- create and manage a strong and diverse talent pipeline which takes a unified and talent based approach to recruitment, training and development, performance management, retention and succession planning;
- provide a fair level of reward in order to attract and retain high caliber people – and build a culture of achievement by providing a transparent link between reward and performance; and
- be compliant with all mandatory diversity reporting requirements.

3.8.2 THE GROUP'S MEASURABLE OBJECTIVE AND CURRENT GENDER PROFILE

The Group's measurable objective for increasing gender diversity is to increase the representation of women at all levels of its organization over time. The Group's progress towards achieving that objective, along with the proportion of women employees within the Group, women in senior executive positions and women non-executive directors, is set out in the table below:

MEASURE	2012	2011
Women employees ¹	~26%	~25%
Women senior executives ²	~11%	~11%
Women non-executive directors ³	~25%	~12.5%

1 This includes both employees and contractors engaged by the Group.

2 Senior executives includes all members of the Group's Executive Committee and all executives reporting directly to a member of that committee, including the CEO.

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 at the senior executive level.