

MONADELPHOUS GROUP LIMITED

2020 CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

The Board of Directors of Monadelphous Group Limited (Monadelphous) is responsible for establishing the corporate governance framework of the consolidated entity having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Board guides and monitors the business and affairs of Monadelphous on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Group's compliance with the Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition, which came into effect on 1 July 2014. Monadelphous Group Limited's corporate governance practices were in place throughout the year ended 30 June 2020, unless otherwise stated. Monadelphous Group Limited complies in all material respects with the Council's best practice recommendations. This Statement should be read in conjunction with the information disclosed on the Company's website www.monadelphous.com.au and its 2020 Annual Report.

This Statement is current as at 19 October 2020 and has been approved by the Monadelphous Group Limited Board of Directors.

Recommendation		Comply Yes / No	Reference / Explanation
Principle 1: Lay solid foundations for management and oversight A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes	Page 5 Page 5
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	Yes Yes	Page 7 Page 7
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Page 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.	Yes	Page 12
1.5	A listed entity should: (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; (b) disclose that policy or a summary of it; and (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: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (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.	Yes Yes Yes Yes	Website – Diversity Policy Website – Diversity Policy Page 13 Website – WGEA Gender Equality Indicators
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes Yes	Page 11 Page 11
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes Yes	Page 11 Page 11

Recommendation	Comply Yes / No	Reference / Explanation	
<p>Principle 2: Structure the board to add value A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>Yes Yes</p> <p>No</p> <p>Yes</p> <p>Yes Yes</p> <p>N/A</p>	<p>Page 7 Page 7</p> <p>Page 7</p> <p>Website – Nomination Committee Charter Page 7 Directors' Report in the 2020 Annual Report</p>
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.	Yes	Page 6
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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</p> <p>(c) the length of service of each director.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Page 6</p> <p>Page 6</p> <p>Page 7</p>
2.4	A majority of the board of a listed entity should be independent directors.	Yes	Page 6
2.5	The chair of the board of a listed entity should be an independent director. The chair of the board should not be the same person as the CEO of the entity.	No Yes	Page 6 Page 7
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.	Yes	Page 7
<p>Principle 3: Act ethically and responsibly A listed entity should act ethically and responsibly.</p>			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Yes</p> <p>Yes</p>	<p>Page 12</p> <p>Website – Code of Conduct</p>

Recommendation		Comply Yes / No	Reference / Explanation
Principle 4: Safeguard integrity in corporate reporting A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.			
4.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board; and disclose (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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. 	Yes Yes Yes Yes Yes N/A	Page 8 Page 8 Page 8 Website – Audit Committee Charter Page 8 Directors' Report in the 2020 Annual Report
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO 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.	Yes	Page 11
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	Page 11
Principle 5: Make timely and balanced disclosure A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.			
5.1	A listed entity should: <ul style="list-style-type: none"> (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. 	Yes Yes	Website – Continuous Disclosure Policy
Principle 6: Respect the rights of security holders A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Website
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Page 15
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.	Yes	Page 15
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.	Yes	Website – Shareholder Communication Policy

Recommendation		Comply Yes / No	Reference / Explanation
Principle 7: Recognise and manage risk A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.			
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (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. 	Yes Yes Yes Yes Yes Yes N/A	Page 8 – Audit Committee Page 8 – Risk Page 8 Page 8 Website – Audit Committee Charter Page 8 Directors' Report in the 2020 Annual Report
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> (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. 	Yes Yes	Page 9 Page 9
7.3	A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (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. 	Yes N/A	Page 9
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.	Yes	Page 9
Principle 8: Remunerate fairly and responsibly A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.			
8.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (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. 	Yes Yes Yes Yes Yes N/A	Page 11 Page 12 Page 12 Website – Remuneration Committee Charter Page 12 Directors' Report in the 2020 Annual Report
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.	Yes	Remuneration Report in the 2020 Annual Report
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (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. 	Yes Yes	Website – Share Trading Policy Remuneration Report in the 2020 Annual Report

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Monadelphous Group Limited refer to the Company's website: www.monadelphous.com.au

Shareholders' Interests

The Board and the executive management team of Monadelphous commits to the principle that all policies, procedures, decisions and actions of the Company will be directed toward the protection and promotion of shareholders' long term interests.

Board and Management Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and setting the risk parameters and framework within which management is to operate.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the Managing Director and the executive management team, including implementing the strategic objectives of the Company. Management is responsible for designing and implementing the risk management framework for the Company and operating within the risk parameters set by the Board. It is also responsible for providing accurate, timely and clear information to enable the Board to perform its responsibilities. The Board ensures that the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit
- Nomination
- Remuneration

The roles and responsibilities of these committees are discussed throughout this Corporate Governance Statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure continued growth and success of the Company; and
- implementation of budgets by management and monitoring progress against budgets via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approving and monitoring financial reporting, including the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- the identification, assessment, appropriate management and monitoring of any significant risks that arise;
- approving the Company's remuneration framework;
- monitoring the effectiveness of the Company's governance practices;
- approving the Company's dividend policy and authorising payment of dividends;
- setting measurable objectives for achieving gender diversity and monitoring the Company's progress in achieving them;
- oversight of the Company's continuous disclosure process to ensure timely and balanced disclosure of all material information; and
- reporting to shareholders.

Structure of the Board

Board Skills and Experience

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report in the 2020 Annual Report. The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required to act as a Director of the Company.

The skills and experience required of the Board and its Sub-Committees is detailed in the Monadelphous Board Skills Matrix, which is summarised below. The objective of the matrix is to align the skills and experience on the Board with the Group's strategic objectives. The Nomination Committee assists the Board with the regular review of the qualifications, skills, competencies, experience, independence and diversity represented on the Board and its Sub-Committees. Where gaps are identified, the Committee is responsible for identifying whether training or development is required or recommending changes to the Board in relation to its structure, size and operation.

A summary of the key skills and experience required on the Board of Monadelphous, as detailed in the Monadelphous Board Skills Matrix, is as follows:

STRATEGY
Strategic Direction
Executive experience in developing and implementing strategy successfully
Strategic Acquisitions
Experience in identifying strategic acquisition opportunities and integrating and developing the opportunities
GOVERNANCE & RISK
Governance
Experience in the governance of organisations
Risk
Executive exposure to identifying risk and managing to acceptable levels
Legal
Executive experience in legal compliance, contract negotiation and management
MARKETS
Industry Experience - Resources
Relevant industry experience from working in the resources sector within which the Company operates or strong knowledge of the sector
Industry Experience - Energy
Relevant industry experience from working in the energy sector within which the Company operates or strong knowledge of the sector
Industry Experience - Infrastructure
Relevant industry experience from working in the infrastructure sectors within which the Company operates or strong knowledge of the sector
Industry Experience - New Markets
Relevant industry experience of the new sectors that Monadelphous is targeting
International Experience
Industry experience in foreign markets within which Monadelphous operates or wishes to target
PEOPLE
Values
Strong alignment to Company values
Health, Safety and Environment
Experience in workplace health, safety and environment
Remuneration
Experience with remuneration frameworks including executive remuneration and incentive programs
FINANCIAL
Financial Acumen
Executive level exposure to accounting and financial reporting and requirements, internal financial controls and financial risk assessment
TECHNOLOGY
Experience in information technology, operational technology, digital disruption, privacy, cyber and data security

Independence

Directors of Monadelphous are considered to be independent when they are not allied with the interests of management, a substantial shareholder or other relevant stakeholder. Independent directors are free of any interest, position, association or relationship that might influence, or could reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its shareholders.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and any similar factors.

When assessing the independence of a Director, the Board considers the definition of independence and the factors set out in Box 2.3 of the ASX Corporate Governance Principles and Recommendations. In accordance with the definition of independence, and the materiality thresholds set, Mr P. J. Dempsey, Mr C. P. Michelmore, Mr D. R. Voss, Ms H. J. Gillies and Ms S. L. Murphy are all considered to be independent directors, representing the majority of the Board.

The Board believes that while the Chair is not independent, the current composition of the Board with its combined skills and capability, and its mix of experience, best serve the interests of the shareholders. The composition of the Board is reviewed at least annually.

The role of Chair and Chief Executive Officer are not exercised by the same individual.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

C. G. B. Rubino	29 years	Executive Director
R. Velletri	28 years	Executive Director
P. J. Dempsey	17 years	Lead Independent Non-Executive Director
C. P. Michelmore	13 years	Independent Non-Executive Director
D. R. Voss	6 years	Independent Non-Executive Director
H. J. Gillies	4 years	Independent Non-Executive Director
S. L. Murphy AO	1 year	Independent Non-Executive Director

Trading Policy

Under the Company's Share Trading Policy, Key Management Personnel and other employees may only trade in securities of the Company during specific periods, and then only if they do not possess any unpublished, price-sensitive information in relation to those securities.

The trading periods in which buying and selling of the Company's securities, either directly or indirectly, by a Key Management Personnel or other employee is allowed, spans the periods between 24 hours and 30 working days after each of the following events:

- release of the annual and half-yearly results to the ASX;
- the close of the Annual General Meeting; or
- any other time as the Board of Directors of Monadelphous permits.

All other periods are "closed periods" during which Key Management Personnel and other employees are prohibited from dealing in Monadelphous securities, except with the explicit approval of the Chair. From time to time, the Board of Directors of Monadelphous may also declare that Key Management Personnel and other employees are prohibited from dealing in Monadelphous securities during trading periods even though those trading periods are not closed periods.

Before commencing to trade, a Key Management Personnel or other employee must first notify the Company Secretary of their intention to do so. The notification must state that the proposed purchase or sale is not as a result of access to, or being in possession of, price sensitive information that is not currently in the public domain.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by the Directors in the securities of the Company.

For a copy of the Share Trading Policy, please refer to the Company's website.

Nomination Committee

The Board has a Nomination Committee which operates under a charter and meets at least annually. The Nomination Committee is responsible for ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. During the year, the Nomination Committee was comprised of five independent non-executive directors and the Chair of the Board. Members of the Nomination Committee throughout the year were:

C. G. B. Rubino (Chair)
C. P. Michelmore
P. J. Dempsey
D. R. Voss
H. J. Gillies
S. L. Murphy AO (appointed 2 September 2019)

Whilst the Chair of the Nomination Committee is not independent, the Board believes that Mr Rubino's extensive background, knowledge and experience of the Company and industry in which the Company operates, combined with the mix of qualifications, competencies and experience of the other Nomination Committee members, enable the Nomination Committee to effectively discharge its duties.

The Nomination Committee assists the Board with maintaining the board skills matrix and identifying gaps and professional development opportunities for directors throughout the year. It also assists with the selection of candidates for the position of director. Once a candidate has been identified, background checks are undertaken in accordance with the Monadelphous Director and Senior Executive Recruitment Checklist, including reference checks, bankruptcy and criminal record checks and validation of education records. All material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director is provided to shareholders, via the Notice of Meeting, market disclosures and the annual report. Upon appointment, the Director signs a written agreement setting out the terms of their appointment. The Director participates in a director induction process and is provided with information about Monadelphous, its operations, the Board, the Company's governance systems and any other information necessary to enable them to perform their role effectively. It also includes meetings with other Directors and executive management and visits to operational locations.

Professional development opportunities for Directors include participation in Australian Institute of Company Directors courses, project site visits, project reviews, and attendance at a number of courses and workshops offered by a variety of professional services advisors.

All directors and senior executives have terms of agreements or employment contracts, as relevant.

For details of directors' attendance at meetings of the Nomination Committee, refer to the Directors' Report in the 2020 Annual Report.

Please refer to the Company's website for the Nomination Committee Charter.

Audit Committee

The Board has an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors. The members of the Audit Committee during the year were:

P. J. Dempsey (Chair)
D. R. Voss
H. J. Gillies
S. L. Murphy AO (appointed 2 September 2019)

Subsequent to year end, on 1 September 2020, Mr P. J. Dempsey resigned as Chair of the Audit Committee and Ms H. J. Gillies was appointed as the new Chair of the Committee. Mr Dempsey will continue to be a member of the Audit Committee.

Qualifications of Audit Committee members

Mr P. J. Dempsey is a Civil Engineer and Fellow of the Institution of Engineers Australia, with 48 years of experience in the construction and engineering services industry. He has a Graduate Diploma in Business Administration, is a member of the Australian Institute of Company Directors and is a Director of ASX listed entity, Service Stream Limited and a member of its Audit Committee. His extensive experience in construction has exposed him to the risks and accounting matters relevant to the sector and allows him to effectively assess financial reporting issues requiring critical judgement. Mr Dempsey has served on the Monadelphous Audit Committee since 2003.

Mr D. R. Voss is a Chemical Engineer and has 46 years of experience in the oil and gas, and mining and minerals industries, throughout Australia, the US, Europe, the Middle East and Africa. He has worked at a number of global mining and engineering businesses, including BHP, Bechtel and Hatch. Mr Voss has an MBA, majoring in Finance and Quantitative Methods, chemical engineering and law degrees, is a member of the Australian Institute of Company Directors, and has a range of operational, accounting and finance experience gained during his time in project management and from serving on, and chairing, a number of boards and committees throughout his career. His responsibilities included the oversight, governance and financial management of projects and operations. Mr Voss has served on the Monadelphous Audit Committee since 2014.

Ms H. J. Gillies is a Solicitor, with 24 years of experience in the construction and engineering services industry throughout Australia, North America, South America, Asia, Middle East, Africa and Europe. Ms Gillies has previously served as a Director of global engineering company Sinclair Knight Merz, where she also chaired the Risk Committee and was a member of its Governance Committee. She was also a Director of the Australian Civil Aviation Safety Authority and a non-executive director of Red Flag Group (Holdings) Limited, a global integrity and risk services provider. She is currently a member of the Audit and Risk Committee and Chair of the Nomination and Remuneration Committee at ASX and Hong Kong listed entity, Yancoal Australia Limited, and a non-executive director of unlisted entity BAC Holdings Pty Ltd, the holding company for Bankstown and Camden Airport. Ms Gillies has a strong background in risk, law, governance and finance, as well as extensive experience in mergers and acquisitions. She holds a Master of Business Administration and a Master of Construction Law, and Bachelor degrees in Commerce and Law. Ms Gillies has served on the Monadelphous Audit Committee since 2017.

Ms S. L. Murphy is a Civil Engineer, with 41 years of experience in the resources and infrastructure industries. During her 25 year career at Clough, she held a wide range of operational and leadership roles before being appointed to the board as a director in 1998. She joined the Water Corporation of Western Australia in 2004 as General Manager of Planning and Infrastructure, before being appointed as Chief Executive Officer, a role she held for over a decade. Ms Murphy has extensive experience in corporate governance, capital works development and productivity improvement. She holds a Bachelor of Civil Engineering and is an Honorary Fellow of the Institution of Engineers Australia. Ms Murphy was appointed to the Monadelphous Audit Committee on 2 September 2019.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report in the 2020 Annual Report.

Risk

Risk management roles and responsibilities

The Board is responsible for setting the strategic direction of the Group and for creating and maintaining the environment and structures within which risk management practices can operate effectively. The Board also sets the Group's appetite for risk taking and risk tolerance.

The Audit Committee, in conjunction with the Board assesses the effectiveness of risk management procedures, internal controls, policies and procedures in identifying business and financial risks and controlling their financial impact by considering any significant matters identified by management.

The Managing Director and Chief Financial Officer have ultimate accountability to the Board for the risk management and internal control system. The Group Risk function is responsible for the risk management framework. The risk management framework describes the processes and tools available to manage the risks which relate to the achievement of the Group's vision and strategic objectives. It involves the identification of particular risks relevant to the Group's objectives, assessing them in terms of likelihood and magnitude of impact, determining a response strategy and monitoring progress. It also provides a feedback mechanism to enable knowledge sharing. The framework is designed to identify potential events that may affect the Group, and manage risks within tolerance levels endorsed by the Board to provide reasonable assurance regarding the achievement of vision and strategic objectives.

The risk management framework is made up of the following elements:

1. Control Environment – The control environment sets the tone for the Company's risk management, influencing the risk consciousness of its people and sets the basis for how risk is viewed and addressed. It is the foundation for all other components of risk management and provides discipline and structure. It includes the Company's risk management philosophy and risk appetite, integrity and ethical values, and the environment in which it operates.
2. Risk Identification and Assessment – The identification and evaluation of internal and external factors that impact the Company's performance and ability to meet its vision and strategic objectives. This includes the structured and disciplined oversight of all operations at both the board and executive level and periodic environmental scans to understand current conditions in which the Company operates.
3. Risk Management and Control Activities – Risk management processes, including related systems of internal control, are formalised and maintained within the Company's Business Management System (BMS). The BMS contains the policies and procedures designed to ensure that the Company operates within the risk tolerance parameters set by the Board. The BMS formalises the actions to be taken to ensure the effective management of operations, protection of shareholder value, compliance management and regulatory reporting. Risk management processes and controls include a range of activities as diverse as approvals, authorisations, performance reviews and the appropriate segregation of duties. The Group Authority Matrix is a tool used to apply decision making authorities as approved by the Board consistently across the Group.
4. Information and Communication – Relevant information is identified, captured and effectively communicated in a timely manner that enables people to carry out their responsibilities effectively and efficiently. Technology plays an important role in the flow of information in the Company, from its core business systems for accounting, through to its incident reporting system which provides an early warning system detailing the effectiveness with which major incidents and hazards are being managed.
5. Monitoring and Reporting – The processes to determine whether performance objectives are being met and internal controls are operating as designed. Both key performance indicators and internal controls need to be monitored regularly to assess performance. Any deficiencies detected through these monitoring activities should be reported and corrective actions taken to ensure the continued reliance on the system. Tools in place include strategic planning and analysis, the annual budget process, key performance indicator reporting, customer surveys, board reporting, the Group Assurance function and its associated reporting to the Audit Committee, the ongoing quality certification process, and the Group's innovation framework.

The Group Assurance function is responsible for providing an appraisal of the adequacy of and compliance with, the risk management and internal control system. The Group Assurance function reports to the Audit Committee and undertakes the annual audit plan as approved by the Audit Committee. The function formally reports to the Audit Committee twice a year, or more regularly as required.

On an annual basis, the Audit Committee reviews the Company's risk management framework and makes recommendations to the Board. A review of the framework was conducted during the year ended 30 June 2020.

The Board regularly receives updates from management as to the effectiveness of the Company's management of its material business risks.

For further information on the Company's risk management policy, refer to the Company's website.

Economic, environmental and social sustainability risks

In conducting its business, the Company takes commercial and business risks to achieve its objectives and deliver shareholder value. The Company is exposed to various risks in its day to day operation, including strategic, financial, operational, compliance, economic, environmental and technological risks. It considers that it is exposed to the following material risks:

Risk Type	Identified Material Risk
Economic sustainability risks	Demand
	Competition
	Contract pricing
	Project delivery
	Liquidity
	Innovation and technology
	Cyber security
	Compliance with laws and regulations
Social sustainability risks	Employee retention, attraction and development
	Health and safety
	Reputation
Environmental risks	Compliance with environmental legislation, regulations and customer requirements
	Climate change

The ability of the Company to achieve its objectives and long term sustainable growth is impacted by the effective management of the risks to which it is exposed. Each material risk identified above is discussed in more detail below.

Economic sustainability risks

- Demand – The Company operates in the resources, energy and infrastructure sectors. The demand for Monadelphous' services can vary greatly as a result of changes in market conditions, including the timing and award of projects, project deferrals and cancellations, changes in economic and environmental conditions, the cyclical nature of commodity prices and the demand for customers' goods and services. Any changes in market conditions could impact the demand for Monadelphous' services. In response to these risks, Monadelphous has an established growth and diversification strategy to broaden its exposure to unrelated markets, and this strategy mitigates the risk of varying demand levels for the services it provides. The Company also has comprehensive business continuity plans in place to assist with recovery from potential risk events which may significantly impact critical business processes, reputation and revenue streams.
- Competition – The markets in which Monadelphous operates are competitive by nature. The Company undertakes a comprehensive opportunity identification and selection process when tendering for projects. Increased levels of competition and competitors' particular strategic objectives may result in the Company unsuccessfully tendering for projects. The Company regularly reviews its competitive market position and competitive advantage, as well as that of competitors, to ensure that it is well placed to secure opportunities as they arise.
- Contract pricing – The Company undertakes a variety of fixed price lump sum, schedule of unit rates or cost plus contracts, or a combination thereof. If Monadelphous underestimates the cost to complete a project, there is a risk that the Company's financial performance may be negatively impacted. To mitigate this, a thorough review process is undertaken for all tenders prior to submission, and the Company has an established tender risk management system involving capable, experienced subject matter experts, historical data and productivity metrics and appropriate authority and approval levels.
- Project delivery – Monadelphous is involved in planning, developing, constructing, and executing a range of projects with varying degrees of difficulty. If projects are not executed effectively, there could be financial and/or reputational damage to the Company. In addition, if contractual claims or variations are not appropriately recorded and substantiated, the Company is exposed to the risk of financial loss. Monadelphous has a mature and robust project management system to effectively manage projects from inception to completion and employs experienced, capable employees that are familiar with the Company's execution processes and methodologies. Projects are reviewed on an ongoing basis, including reviews by project, general and executive management and the Board, with independent project performance reviews being performed by divisional and group assurance teams. Monadelphous recruits and employs suitably qualified and experienced personnel for the work that it undertakes, and provides them with the necessary resources to effectively execute their responsibilities in an efficient manner.
- Liquidity – In the normal course of business, the Company is exposed to liquidity risks. Customers may extend payment terms beyond those contractually agreed and contractual variations or claims may take extended periods of time to resolve. In addition, certain contracts require the Company to provide bank guarantees or performance bonds. To ensure the Company maintains an effective and appropriate level of working capital, the Company undertakes appropriate credit verification procedures on its customers, regularly reviews cash flow forecasts including project cash flows, and closely monitors cash collections and payment obligations.
- Innovation and technology – The application of innovative solutions, including the use of technology in the provision of engineering services, can aid the delivery of improvements in productivity, sustainability, safety and environmental performance, and enable growth in new markets. The failure to identify opportunities to apply innovation and technology can have a negative impact on the business in terms of a reduction in competitiveness and a deterioration in reputation, resulting in financial loss. The Company drives innovation at all levels of the business through the application of its Innovation Framework, leveraging insights from learnings across the business and ongoing monitoring of the external technology landscape. The Framework provides the strategic direction and governance structures to direct and focus the Company's productivity and innovation activities, manage the associated costs and risks, prioritise and coordinate delivery, and ensure collaboration across the business.
- Cyber security – The ever-increasing sophistication and frequency of cyber-attacks heightens the risk of associated financial or reputational damage to the Company. Recognising the constantly changing cyber security landscape, Monadelphous mitigates the risks associated with maintaining the confidentiality, integrity and availability of the Company's systems, IT equipment and data through its own dedicated and capable cyber security resources.
- Compliance with laws and regulations – The Company is subject to a wide variety of legal and regulatory requirements in the jurisdictions in which it operates. The application of the Company's risk management framework, which encompasses policies, procedures, systems and controls, and the engagement of region-specific legislation experts, manages the Company's compliance with these requirements.

Social sustainability risks

- Employee retention, attraction and development – As a services business, the Company's intellectual property resides in its people and systems. It is imperative that the Company continues to retain, attract and develop highly competent people who live the Company's values, are able to maximise their potential, and contribute towards the successful achievement of the strategic vision. The Company focuses on attracting people who desire to have a long term career at Monadelphous, whose experience demonstrates proven capability and whose behaviours exhibit cultural alignment. The Company actively helps new recruits to understand 'the Monadelphous way' and has created an environment that offers support from those more experienced and, where required, this approach is supplemented with relevant programs and workshops. Focus is placed on developing the skills and leadership capability required to enable the Company's growth and diversification objectives, and providing opportunities for employees which facilitate career progression and retention by offering challenging roles, enabling employees to grow within areas they are motivated and able. Through its employee management practices, Monadelphous aims to retain all those who are aligned to the Company's culture and who contribute to the long term success of the Company.
- Health and safety – Monadelphous is subject to occupational health and safety regulations and there is a high degree of operational risk inherent in the industries in which it operates. There is a risk of injury or loss of life to its people and those people it manages and interacts with. The Company operates under its safety directive 'The Safe Way is the Only Way', with a goal of zero harm. Monadelphous has a robust, effective and mature safety management system and is committed to monitoring and improving safety performance, ensuring the provision of safe work practices and providing training and initiatives that ensure the safety of its employees. Monadelphous is certified to the following standards: AS/NZS 4801 and ISO 45001 for occupational health and safety management systems.

- Reputation – Monadelphous has a strong reputation for performance and delivery. The Company's reputation assists its ability to secure and retain work, retain and attract employees and build strong supplier relationships. The Company's reputation can be tarnished by safety and environmental incidents, poor project or financial performance, industrial unrest, ineffective community relations or unethical behaviour. The Monadelphous values and Code of Conduct provide the basis for appropriate standards of behaviour and with the Company's business management system and risk management methodologies, combine to mitigate this risk. The Company aims to maintain a sustainable business for all stakeholders by retaining and attracting a values-aligned and highly competent workforce, ensuring their safety and wellbeing, maintaining strong customer relationships, leaving a positive legacy within local communities and by being environmentally responsible.

Environmental sustainability risks

The Company conducts work in environmentally sensitive areas and has a responsibility to protect the local ecosystems (including spills, emissions, erosion and sediment management) when delivering projects. Ensuring compliance with customer requirements and environmental legislation and regulation is critical to maintaining the Company's reputation as a contractor of choice.

Mitigation of environmental risks includes maintenance and implementation of a certified environmental management system (AS/NZS ISO 14001) to ensure sustainable work practices and monitoring and minimising environmental impacts as far as practicable. The largest environmental impacts are those from energy consumption, gases utilised in welding processes and fuel used in vehicles, and plant and equipment. The Company routinely collects and monitors carbon reporting data. Monadelphous undertakes greenhouse and energy reporting under the National Greenhouse and Energy Reporting Act. The reportable scope 1 and 2 carbon emissions (CO₂e) remain significantly below the legislative reporting threshold.

The move towards a low-carbon economy will continue to influence change in a number of industries within which the Company operates. Monadelphous remains committed to the ongoing monitoring of its environmental risk profile, taking into consideration the impacts of climate change on its business and strategy and developing innovative climate change solutions in an effort to reduce emissions and energy consumption within its operations and those of its customers. The Company is undertaking a review of its exposure to climate change risks with reference to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Recognising the importance of alternative sources of energy, Monadelphous continued to grow its footprint in the renewable energy sector through Zenviron. Since its establishment, Zenviron has been involved in the construction of nine wind farms with generation capacity of 1,601 MW. This represents power for 927,000 homes and the displacement of 5.1 million tonnes of carbon dioxide each year.

During the period, Monadelphous completed its scope of work on the Malpas Dam project in Armidale, New South Wales (NSW), which forms part of the NSW Government's and Armidale Regional Council's drought proofing plan.

Managing Director and CFO Declaration

Prior to the Board's approval of the 31 December 2019 half year and 30 June 2020 full year financial statements, the Managing Director and Chief Financial Officer provided a written statement to the Board that, in their opinion, the financial records 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 Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Auditor

The Group's external auditor, Ernst & Young, attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit. Ernst & Young's independence declaration is contained in the Directors' Report in the 2020 Annual Report.

Performance

The performance of the Board, Sub-Committees and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Nomination Committee conducted performance evaluations which involved an assessment of the Board's, Sub-Committees' and Senior Executives' performance against qualitative and quantitative performance criteria. The performance criteria against which the Board and executives are assessed are aligned with the financial and non-financial objectives of Monadelphous. The Board and Sub-Committees also conducted self-assessments to ensure that their performance accords with best practice. No governance changes were required as a result of the reviews.

Remuneration Committee

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives
- attraction of quality management to the Company
- incentives which allow executives to share in the rewards of the success of Monadelphous, contingent upon their performance in and contribution to, achieving that success.

For full disclosure of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report in the 2020 Annual Report.

In relation to the issuing of options under the Monadelphous Group Limited Employee Option Plan and awards under the Combined Reward Plan, discretion is exercised by the Board, having regard to the overall performance of Monadelphous and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors. There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive team. The Board has established a Remuneration Committee, which during the year comprised four independent non-executive directors. Members of the Remuneration Committee throughout the year were:

C. P. Michelmore (Chair)
D. R. Voss
H. J. Gillies
S. L. Murphy AO (appointed 2 September 2019)

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report in the 2020 Annual Report.

Company Secretary

The Company Secretary is appointed by the Board and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board, which includes assisting with Board and Sub-Committee meetings, advising the Board on corporate governance matters and assisting with the induction and continuing professional development of Directors. Each Director has access to the Company Secretary.

Code of Conduct

The Monadelphous values form the foundation of a way of life that stands the Company apart from all others, providing a basis for appropriate standards of behaviour. The Code of Conduct is underpinned by the Monadelphous values and provides guidance on the expected behaviour of all employees, so that decisions and actions reflect the highest standards of conduct.

As a values-driven organisation, Monadelphous expects all employees to go beyond simply complying with minimum standards of personal conduct. The goal is to make every decision and every action something that everyone at Monadelphous can be proud of and that will promote and protect shareholder interests.

The Code of Conduct applies to all Monadelphous employees, including contractors and representatives whose terms of engagement require compliance with the Code of Conduct.

During the year, the Code of Conduct was reviewed and enhanced for updates associated with the whistleblower protection regime and the Australian Modern Slavery Act. The Company also formalised its policy on human rights, articulating its commitment to operating in accordance with the United Nations (UN) Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Monadelphous does not accept any form of modern slavery in the conduct of its own operations and its supply chain and is committed to ensuring that all workers are treated fairly, ethically and with respect. This is also reflected in the Monadelphous Supplier Code of Conduct, which outlines the Company's minimum expectations of its suppliers in the areas of human rights, including compliance with laws on employment practices, zero use of forced or compulsory labour, equal opportunity in employment, and health and safety, environmental impacts, business integrity and ethics.

A number of processes were updated during the year to address the requirements of the Australian Modern Slavery Act and improve the identification and mitigation of modern slavery risks in the Company's operations and supply chain. The Company is committed to monitoring and improving these processes on an ongoing basis.

Monadelphous has a reporting framework, in which employees, contractors and members of the public are able to report instances of actual or suspected unethical or unlawful conduct, without fear of recrimination or reprisals. The Company's Code of Conduct and Whistleblower and Integrity Policy outline the procedure for reporting complaints and breaches, and are regularly updated. The Company is committed to acting on all matters raised with integrity and fairness.

For further details of the Code of Conduct, please refer to the Company's website.

Diversity and Inclusion

Monadelphous recognises that the source of the Company's competitive advantage is its people, and its success is a reflection of their quality and skills. The Company focuses on retaining, attracting and developing the right people who are highly competent, live its values and actively contribute to the long term success of its business. Monadelphous' workforce consists of people with diverse cultures, backgrounds and skills, and this diversity enriches the Company's breadth of knowledge, capability and experience.

The Company aims to embrace and nurture diversity and inclusion, where employees feel valued and inspired to contribute their best to deliver on the Monadelphous vision. Monadelphous believes strongly in the principle of equal opportunity in employment for all people, regardless of any personal attributes such as gender, sexual preference, marital status, pregnancy, family responsibilities, ethnicity, political or religious belief, cultural background, disability and age.

This commitment to diversity and inclusion is evidenced through, among other things:

- promoting the awareness of, and commitment to, workplace diversity principles;
- recruitment strategies to ensure the Company attracts employees from a diverse pool of qualified candidates;
- policies, plans and activities which ensure all employees are valued, encouraged and provided with opportunities to develop to their full potential;
- integration of workplace diversity principles into operational and human resources processes and systems;
- intolerance of discrimination, harassment, vilification and victimisation; and
- establishing measurable objectives for achieving greater diversity in the Company's workforce and annually reviewing those objectives and the progress towards achieving them.

During the year, the Company further progressed the initiatives and commitments outlined in its inaugural Gender Diversity & Inclusion Plan 2018 – 2020 setting out how it will enhance female participation, with particular focus on its future workforce and the advancement of female talent. Monadelphous's Gender Diversity and Inclusion Committee, consisting of senior representatives from across the business, met regularly throughout the year to discuss the progression of Plan activities. Consultation and planning for the Company's Gender Diversity and Inclusion Plan 2021 – 2023, which will be released in early 2021, has commenced.

Monadelphous has established the following measurable objectives across the organisation to enhance gender diversity and inclusion:

Action	Progress
Ensure all female employees in senior management positions receive formal performance feedback with identified development opportunities.	Formal performance feedback and identification of development opportunities continued to be provided to female employees in senior management positions.
Increase attraction and recruitment of women, including the review and assessment of Monadelphous recruitment materials to ensure the reflection of a diverse workforce.	<p>Recruitment advertising templates were updated to reflect the Company's diverse workforce.</p> <p>The Company's Careers website was relaunched during the period featuring stories and experiences reflecting a broad range of employees from within Monadelphous' diverse workforce, including reflections on the career pathways of women.</p>
Development and retention of talented and skilled female employees, including leadership development, mentoring and coaching opportunities provided for emerging female talent.	<p>More than 20 per cent of participants in Monadelphous' key development programs, the Emerging Leaders and Leading at Monadelphous programs, were female.</p> <p>Monadelphous' Group Mentoring Program was developed during the year. The program is designed to enhance its culture of leadership and provide talent development opportunities to both internal mentors and mentees. This program is complementary to existing mentoring offered to graduates through the Company's Graduate Development Program and a range of informal mentoring relationships across the business. The program is currently being rolled out to members of key talent.</p>
The provision of suitable working arrangements for employees returning from parental leave and ongoing engagement with these employees during this period.	Working arrangements which are suitable and meet the needs of a diverse workforce remained a focus during the period, with continued support offered to employees through the parental leave process. The provision of suitable and inclusive working arrangements for employees remains an important element of the Monadelphous employee value proposition.
The provision of a paid parental leave scheme associated with the birth of an employee's child (or employee's partner's child) or the placement of a child with an employee for adoption.	The Company's paid parental leave scheme is reviewed annually to ensure appropriateness and alignment with market conditions.
Establish an entitlement to Family and Domestic Violence Leave.	Access to Family and Domestic Violence leave was made available to all employees.
Continued promotion of career opportunities in the resources, energy and infrastructure sectors including presentations at career exhibitions, universities, professional institutions and other suitable forums to, amongst other things, engage females to consider engineering as a career choice.	<p>Monadelphous representatives (recruitment, graduate coordinators and operational team members) attended events to continue promoting career opportunities in the resources, energy and infrastructure sectors across Australia and New Zealand.</p> <p>Efforts to engage female graduates in the engineering discipline were enhanced through targeted social media recruitment campaigns and the provision of on-campus and industry-coordinated presentations by Monadelphous female engineers through the Girls in Engineering Program facilitated by the University of Western Australia.</p> <p>Focus on the promotion of opportunities for female undergraduates has resulted in a female graduate intake during the year of around 25 per cent and an overall rate of females on the Graduate Program of 30 per cent at year end.</p>

Action	Progress
A review of the number of candidates from diverse backgrounds identified as key talent for the purposes of succession planning.	A review of Monadelphous key talent continues to focus on highlighting representation of those employees from diverse backgrounds as part of consideration in succession planning and other talent management activities.
An annual pay audit across all key roles within the business to ensure gender parity in pay levels.	A thorough remuneration audit was conducted during the year to ensure gender remuneration parity across the business.
Confidential reporting avenues to allow employees to report matters of discrimination.	In place.
Prominent communication of the Company's Equal Employment Opportunity policy across the organisation.	In place.
Development and implementation of a female cadetship program across the organisation, focusing on the development of young women in STEM related industries.	A program is in place to offer female undergraduate students the opportunity to work and be supported by Monadelphous while they study, and then join the Company's Graduate Program following successful graduation.
Commitment to a five-year partnership with the University of Western Australia's Girls in Engineering program, promoting tertiary STEM education to girls across Perth high schools.	Monadelphous has participated in a number of immersion activities throughout the year with employees volunteering to attend sessions relating to science and mathematics education across Western Australian high schools.

Refer to the Workplace Gender Equality Agency (WGEA) website (www.wgea.gov.au/report/public-reports) or the Monadelphous website for the Company's latest Gender Equality Indicators.

At the date of this report, Monadelphous has seven directors on the Board, comprising five men and two women. Ms Helen Gillies has been on the Board since September 2016 and continues to provide extensive knowledge and experience in international markets, infrastructure, power and water sectors. Ms Gillies is a member of the Company's Remuneration and Nomination Committees, and on 1 September 2020, was appointed as Chair of the Audit Committee. Ms Sue Murphy was appointed to the Board in June 2019 and has extensive experience in corporate governance, capital works development and productivity improvement. She was appointed to the Company's Remuneration, Nomination and Audit Committees on 2 September 2019.

The Board regularly reviews its composition and structure to ensure its membership supports the achievement of long term sustainable shareholder wealth. The Nomination Committee of the Board reviews its membership and recommends the appointment of new directors based on competency, experience and knowledge, whilst being cognisant of the benefit of diversity to the Board's make-up.

Monadelphous recognises the special place of Aboriginal and Torres Strait Islander peoples, the traditional custodians of the land, and the role that they play in the success of its business, and acknowledges the special hardship and disadvantage which they have historically experienced.

Monadelphous supports the development of a united Australia which values the heritage and culture of Aboriginal and Torres Strait Islander peoples, celebrates their achievements and contributions, and provides meaningful opportunities to close the gap in inequality and disadvantage.

Respecting the original inhabitants of this land and recognising the unique position that Aboriginal and Torres Strait Islander peoples occupy in Australian society, Monadelphous is committed to working in partnership with Aboriginal and Torres Strait Islander peoples, businesses and communities to create sustainable pathways for employment, training and skills development. The Company is committed to providing a workplace which reflects the diversity of the communities it works within, and in playing its part in ensuring that Australia's Aboriginal and Torres Strait Islander peoples have an equal opportunity to enjoy a prosperous and safe future.

The Company's Stretch Reconciliation Action Plan (RAP) publicly states Monadelphous' ongoing commitment to ensure Aboriginal and Torres Strait Islander peoples feel welcomed, respected and valued as employees, business partners and members of the community, especially those communities in which it operates. Monadelphous has been involved in Reconciliation Australia's RAP program since the launch of its first RAP in 2013. Proudly launching its first Stretch RAP in May 2018, which included bolder targets to establish a sustainable future for Aboriginal and Torres Strait Islander peoples and businesses, Monadelphous has successfully fulfilled its commitments, including achieving its stretch target of three per cent Aboriginal and Torres Strait Islander employment across its overall workforce. In addition, senior leadership teams participated in cultural immersion activities in both Western Australia and Queensland, along with the establishment of a major partnership with the Graham (Polly) Farmer Foundation in Western Australia. Planning and consultation on the delivery of the Company's next Stretch RAP is currently underway, informed by feedback from the Company's Aboriginal and Torres Strait Islander employees and partners.

For a copy of the Diversity Policy, please refer to the Company's website.

Investor Relations

Monadelphous respects the rights of shareholders and supports governance practices that are designed to promote effective two-way engagement with current and potential shareholders and the investment community. The Company aims to provide clear and balanced information about its business and performance to enable users to make informed decisions.

Monadelphous' investor relations program includes:

- providing an investor results presentation and media release with the half and full year financial results;
- an investor and analyst webcast and teleconference following the release of the financial results, which includes a presentation by the Managing Director and Chief Financial Officer, and is followed by a question and answer session;
- the investor and analyst roadshow held twice a year following the release of the financial results;
- engaging directly with investors, analysts and shareholder associations regularly throughout the year;
- supporting shareholder participation at the AGM, including enabling shareholders to submit questions prior to the meeting, encouraging questions at the meeting and by providing a webcast of the AGM;
- maintaining the corporate governance and investor sections of the Company's website, including making available all announcements made to the ASX on the Company's website; and
- facilitating a process whereby shareholders can ask questions of the Company either via the Company's share registry or directly via the Company's website.

Monadelphous will endeavour, where practicable, to utilise technology to provide greater opportunity for more effective communication between the Company and its shareholders.

For further details, please refer to Monadelphous' Shareholder Communications Policy on its website.

On behalf of the Board



C. G. B. Rubino
Chair
Perth, 19 October 2020