

21 December 2021

Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000
AUSTRALIA

Dear Sir / Madam

RE: ISSUE OF RETENTION RIGHTS

Engineering company Monadelphous Group Limited (ASX:MND) (“the Company”) has issued 1,115,200 Retention Rights under the Company’s 2021 Employee Retention Plan.

Significantly high industry activity levels, combined with travel restrictions imposed by Governments to reduce the spread of COVID-19, have resulted in unprecedented labour market pressures and have extensively impacted Monadelphous’ ability to source and retain talent.

These restrictions are expected to be relaxed in coming months, however with demand forecast to remain strong across all industries for some time, labour constraints are expected to continue for the foreseeable future.

The Monadelphous 2021 Employee Retention Plan (ER Plan) has been specifically developed to mitigate the effects of the extremely tight labour market and its impact on the Company. The primary objective of the ER Plan is to act as a retention incentive and to recognise key employees whose ongoing contribution is of critical strategic and operational importance to Monadelphous.

The ER Plan provides a one-off issue of Retention Rights to these key employees and is subject to continued service vesting conditions. It enables employees critical to the achievement of the Company’s strategic objectives to share in the long term performance of the Company in a manner which is aligned to the creation of shareholder wealth. A summary of the key terms of the Retention Rights is attached.

The Retention Rights are being issued under the Company’s ASX listing rule 7.1 capacity and shareholder approval is not being sought (although the Company may seek ratification of the issue in the future).

An Appendix 3G will be released to the ASX following this announcement.

Authorised by



Philip Trueman
Company Secretary

MONADELPHOUS GROUP LIMITED 2021 EMPLOYEE RETENTION PLAN
Terms of Retention Rights

Set out below is a summary of the key terms of the Retention Rights.

Retention Rights	<p>The Retention Rights are allocated under the terms of the Monadelphous Group Limited 2021 Employee Retention Plan and are subject to continued service vesting conditions.</p> <p>The Retention Rights are granted in the form of Performance Rights and are subject to the Monadelphous Group Limited Performance Right Plan rules (Rules).</p>
Nomination Right	<p>The Eligible Participant may renounce their Retention Rights in favour of one of the following persons (Nominated Person):</p> <p>(a) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the Eligible Participant (being the Eligible Participant's spouse or dependent); or</p> <p>(b) a corporate trustee of a self-managed superannuation fund (within the meaning of the <i>Superannuation Industry (Supervision) Act 1993</i> (Cth)) where the Eligible Participant is a director of the trustee.</p> <p>The Company may refuse an election to renounce an offer to a Nominated Person at its sole and absolute discretion.</p>
Nature of Retention Rights	<p>Each Retention Right represents a right to receive one ordinary share in the capital of the Company, subject to the terms and conditions of the offer under the Monadelphous Employee Retention Plan and the Rules.</p> <p>Prior to a Retention Right vesting a participant is not entitled to:</p> <p>(a) notice of, or to vote or attend at, a meeting of the shareholders of the Company; and</p> <p>(b) receive any dividends declared by the Company, by virtue of holding a Retention Right.</p>
Retention Right Fee	<p>No fee is payable upon the grant Retention Rights.</p>
Retention Right Exercise Price	<p>No exercise price is payable upon vesting of Retention Rights.</p>
Vesting Conditions	<p>Retention Rights are subject to a vesting condition of the participant being continuously employed or holding office continually by or with one or more members of Monadelphous Group Limited or its subsidiaries during the period from the grant date to the relevant vest date.</p> <p>The Retention Rights vest as follows:</p> <ul style="list-style-type: none"> • One-third of the Retention Rights will vest one year from grant date, subject to satisfaction of the employment condition. • One-third of the Retention Rights will vest two years from grant date, subject to satisfaction of the employment condition. • One-third of the Retention Rights will vest three years from grant date, subject to satisfaction of the employment condition. <p>If the vesting condition relevant to a Retention Right is not satisfied, the Retention Right will lapse.</p>

Exercise of vested Retention Rights	<p>A Retention Right may not be exercised unless and until that Retention Right has vested in accordance with the continued service vesting conditions.</p> <p>Upon vest, each Retention Right will be automatically exercised and will result in the issue (or transfer) of one fully paid ordinary share in the Company (subject to any adjustments in accordance with the Rules).</p>
Forfeiture of Retention Rights	<p>If a participant becomes a Good Leaver (as defined below), the Board will allow the participant to retain unvested Retention Rights only to the extent determined by the Board in its absolute discretion. All other unvested Retention Rights will be forfeited.</p> <p>If a participant becomes a Bad Leaver (as defined below), all Retention Rights will be forfeited, subject to any alternative determination by the Board in its absolute discretion.</p> <p>Retention Rights will also be forfeited if:</p> <ul style="list-style-type: none"> (a) the vesting condition relevant to those Retention Rights is not satisfied by the relevant time; (b) the Board determines (acting reasonably and in good faith) that any applicable vesting conditions relevant to those Retention Rights have not been met or cannot be met by the relevant date; (c) the participant acts fraudulently or dishonestly; or (d) the participant becomes Insolvent. <p>A Bad Leaver means a participant who ceases to be an Eligible Participant in any of the following circumstances:</p> <ul style="list-style-type: none"> (a) the participant's employment contract is terminated due to: <ul style="list-style-type: none"> (i) the participant's serious and wilful misconduct (including, without limitation, fraud or dishonesty); (ii) the participant's material breach of their employment contract; (iii) the participant's gross negligence in the performance of their duties; (iv) the participant having committed an act, whether at work or otherwise, which brings a member of the Group into disrepute; (v) the participant having been convicted of an offence punishable by imprisonment; or (vi) other conduct justifying termination of the participant's employment contract without notice, or at common law; (b) the participant terminates their employment contract of their own volition; or (c) the participant is ineligible to hold his or her office for the purposes of Part 2D.6 of the Corporations Act. <p>A Good Leaver means a participant who ceases to be an Eligible Participant and:</p> <ul style="list-style-type: none"> (a) who does not meet the Bad Leaver criteria; or (b) who meets the Bad Leaver criteria but the Board has determined in writing that they be treated as a Good Leaver.
Disposal restrictions	<p>Any shares acquired on exercise of Retention Rights will be restricted from disposal until the earlier of:</p>

	<ul style="list-style-type: none"> • The date 3 years from Grant Date, around December 2024, subject to that date being within a share trading window, and if not, when the next share trading window opens, around February 2025; and • The date on which the participant ceases to be employed or engaged (as applicable) by the relevant member of the Group. <p>The Company's Share Trading Policy (MGL-POL-026) and applicable laws may also impact when Resulting Shares may be disposed of.</p>
Employee Share Trust	<p>Any Resulting Shares issued and/or transferred to the participant as a result of the vesting and automatic exercise of Retention Rights may be required to be held via the Monadelphous Group Limited Employee Share Trust under the terms of the Monadelphous Group Limited Employee Share Trust Deed for the purposes of ensuring compliance with disposal restrictions.</p> <p>The trustee of the Trust is a third party provider of trustee services, CPU Share Plans Pty Limited.</p>
Change of Control Event	<p>Notwithstanding any other provisions of the Rules, if a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may determine the manner in which Retention Rights will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.</p> <p>A Change of Control Event means:</p> <ol style="list-style-type: none"> a change in control of the Company; where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its Associates) owning more than fifty per cent (50%) of the issued capital of the Company; where a person becomes the legal or the beneficial owner of, or has a relevant interest in, more than fifty per cent (50%) of the issued capital of the Company; where a person becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of the issued capital of the Company; where a Takeover Bid is made to acquire more than fifty per cent (50%) of the issued capital (or such lesser number of shares that when combined with the shares that the bidder (together with its Associates) already owns will amount to more than 50% of the issued capital of the Company) and the takeover bid becomes unconditional and the bidder (together with its Associates) has a Relevant Interest in more than 50% of the issued capital of the Company; a resolution is passed for the voluntary winding-up of the Company; an order is made for the compulsory winding up of the Company; or any other event determined by the Board in good faith to constitute a "Change of Control Event" for the purposes of these Rules, <p>but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.</p>

<p>Adjustment of Retention Rights</p>	<p><i>Reorganisation</i></p> <p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital), the rights of a Retention Rights holder (including the number of Retention Rights to which each Participant is entitled or the Exercise Price (if any)), will be adjusted in the manner specified by the Listing Rules to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p> <p><i>Bonus Issue</i></p> <p>If Shares are issued by the Company pro rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Retention Rights is entitled, upon exercise of the Retention Rights, to receive, in addition to the Shares in respect of which the Retention Rights are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Retention Rights are exercised.</p> <p><i>Rights Issue</i></p> <p>Unless otherwise determined by the Board, a holder of Retention Rights does not have the right to participate in a pro rata issue of Shares made by the Company or to receive or sell renounceable rights.</p> <p><i>No other participation</i></p> <p>Subject to the above, during the currency of any Retention Rights and prior to their exercise, the holders of Retention Rights are not entitled to participate in any new issue of Shares of the Company as a result of their holding of Retention Rights.</p>
<p>Clawback</p>	<p>Unvested Retention Rights remain subject to Monadelphous' clawback policy that may apply where adverse events or outcomes arise that should impact on a participant's allocation. The Board will have discretion as to the circumstances that would result in clawback of unvested Retention Rights, and may give consideration to factors resulting in material financial misstatement, significant Company financial underperformance, negligence, lack of compliance, significant personal underperformance or behaviour or damage to the Company's reputation.</p>
<p>Board Discretion</p>	<p>The Rules set out that the Board may amend any provisions of the Rules, including the terms and conditions upon which any Retention Rights have been granted and determine that any amendments to the Rules be given retrospective, immediate or future effect.</p>

Further Information

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About Monadelphous

Monadelphous Group Limited (ASX: MND) is a leading Australian engineering group providing construction, maintenance and industrial services to the resources, energy and infrastructure sectors. The Company has two operating divisions – Engineering Construction, providing large-scale multidisciplinary project management and construction services, and Maintenance and Industrial Services, specialising in the planning, management and execution of mechanical and electrical maintenance services, shutdowns, fixed plant maintenance services and sustaining capital works.

Monadelphous is headquartered in Perth, Western Australia, with a major office in Brisbane, Queensland, and offices, projects, facilities and workshops across Australia and in New Zealand, China, Mongolia, Papua New Guinea, Chile and the Philippines. Please visit www.monadelphous.com.au for further information.