

MONADELPHOUS GROUP LIMITED

2021 CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

The Board of Directors of Monadelphous Group Limited (“Monadelphous”, “the Group”, “the Company”) 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 4th Edition, which came into effect on 1 January 2020. Monadelphous Group Limited’s corporate governance practices were in place throughout the year ended 30 June 2021, unless otherwise stated. This is the first year of reporting under the 4th Edition of the Principles and Recommendations. Following its release, Monadelphous undertook a review of its corporate governance practices and where required, updated its practices to ensure alignment with the 4th edition of the recommendations. Monadelphous continues to comply 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 2021 Annual Report.

This Statement is current as at 18 October 2021 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 clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.			
1.1	A listed entity should have and disclose a board charter setting out: (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 Yes	Website – Board Committee Charter Page 5 Page 5
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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 8 Page 8
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 9
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 15
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity’s progress towards achieving those objectives; and (3) either (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or (B) 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. If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	Yes Yes Yes Yes N/A Yes Yes	Website – Diversity Policy Page 17 Page 17 Page 17 Website – WGEA Gender Equality Indicators Page 19
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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Yes Yes	Page 15 Page 15

Recommendation		Comply Yes / No	Reference / Explanation
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Yes Yes	Page 15 Page 15
Principle 2: Structure the board to be effective and add value The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a 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.	Yes Yes No Yes Yes Yes N/A	Page 8 Page 8 Page 8 Website – Nomination Committee Charter Page 8 Directors' Report in the 2021 Annual Report
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Yes	Page 7
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position 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 or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes Yes Yes	Page 7 Page 7 Page 8
2.4	A majority of the board of a listed entity should be independent directors.	Yes	Page 7
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No Yes	Page 8 Page 8
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Page 8
Principle 3: Instil a culture of acting lawfully, ethically and responsibly A listed entity should instil and continuously reinforce a culture across the organisation of acting lawfully, ethically and responsibly.			
3.1	A listed entity should articulate and disclose its values.	Yes	Page 16 Website - Values
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Yes Yes	Page 16 Website – Code of Conduct Page 16

Recommendation		Comply Yes / No	Reference / Explanation
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes Yes	Page 16 Website – Integrity and Whistleblower Policy Page 16
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	Yes Yes	Page 16 Website – Anti-Bribery and Corruption Policy Page 16
Principle 4: Safeguard the integrity of corporate reports A listed entity should have appropriate processes to verify the integrity of its corporate reports.			
4.1	The board of a listed entity should: (a) have an audit committee which: (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 Yes N/A	Page 9 Page 9 Page 9 Website – Audit Committee Charter Page 9 Directors' Report in the 2021 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 15
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes	Page 20
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 have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Yes	Website – Continuous Disclosure Policy
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes	Page 20
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Yes	Page 20

Recommendation		Comply Yes / No	Reference / Explanation
Principle 6: Respect the rights of security holders A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders 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 have an investor relations program that facilitates effective two-way communication with investors.	Yes	Page 20
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	Page 20
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes	Website – Shareholder Communication Policy
6.5	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
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: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes Yes Yes Yes Yes N/A	Page 9 – Audit Committee Page 10 – Risk Page 9 Page 9 Website – Audit Committee Charter Page 9 Directors' Report in the 2021 Annual Report
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes Yes	Page 10 Page 10
7.3	A listed entity should disclose: (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 governance, risk management and internal control processes.	Yes N/A	Page 10
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Yes	Page 11

Recommendation	Comply Yes / No	Reference / Explanation	
<p>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 and with the entity's values and risk appetite.</p>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration 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 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.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p>	<p>Page 15</p> <p>Page 15</p> <p>Page 15</p> <p>Website – Remuneration Committee Charter</p> <p>Page 15</p> <p>Directors' Report in the 2021 Annual Report</p>
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 2021 Annual Report
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Yes</p> <p>Yes</p>	<p>Website – Share Trading Policy</p> <p>Remuneration Report in the 2021 Annual Report</p>

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 shareholders, as well as other regulatory and ethical expectations and obligations. The key purpose of the Board is to represent the interests of shareholders in the direction and management of the Company. In addition, the Board is responsible for identifying areas of significant business risk and setting the risk appetite 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. Management is responsible for implementing the strategic objectives of the Company, instilling and reinforcing the Company's values whilst operating within the values, Code of Conduct, budget and board-approved risk appetite, designing and implementing the risk management framework for the Company, and providing accurate, timely and clear information on the Company's operations 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 risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved, including:

- establishing and approving the Company's values and Code of Conduct to underpin the Company's desired culture;
- defining the Company's purpose and setting its strategic objectives, as well as the ongoing monitoring of senior management's performance and implementation of strategy;
- setting the risk appetite within which management should operate and ensuring that the Company has in place an appropriate risk management framework (for both financial and non-financial risks);
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- contributing to and approving the Company's performance objectives and annual budget and overseeing its performance against its financial and other objectives; and
- whenever required, challenging management and holding it to account.

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;
- overseeing the integrity of the Company's accounting and corporate reporting systems;
- satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- monitoring the effectiveness of the Company's governance practices;
- receiving and reviewing reports on material incidents of breaches of the Company's Code of Conduct, as well as any matters that may have a significant financial or reputational consequence to the Company, and ensuring appropriate investigation and action has been taken;
- overseeing the Company's insurance program;
- approving the Company's dividend policy and authorising payment of dividends;
- setting measurable objectives for achieving gender diversity and assessing annually the objectives and the Company's progress in achieving them;
- overseeing the Company's continuous disclosure process to ensure timely and balanced disclosure of all material information; and
- representing the best interests of the Company and its shareholders as a whole.

The role and responsibilities of the Board and that of management are clearly set out in the Board Committee Charter, which is available on the Company's website.

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 2021 Annual Report. The Board considers that collectively it possesses the skills, knowledge and experience to effectively discharge its duties and add value.

The skills and experience required of the Board and its Sub-Committees is detailed in the Monadelphous Board Skills Matrix. The objective of the skills 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 its skills matrix, taking into consideration the qualifications, skills, competencies, experience, independence and diversity represented on the Board and its Sub-Committees, to ensure that it possesses the required skills to achieve its strategic objectives and address existing and emerging business and governance issues. Where gaps are identified, the Nomination 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. Each director's skills and experience is assessed against these requirements and rated using a scale of no experience, some experience, moderate experience and extensive experience or qualification.

MONADELPHOUS BOARD SKILLS MATRIX
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 aligned with the interests of management or a substantial shareholder. Independent directors are free of any interest, position 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 as a whole, rather than in the interests of an individual shareholder or other party.

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 Dempsey, Mr Michelmore, Mr Voss, Ms Gillies, Ms Murphy and Mr Buratto are all considered to be independent directors, representing the majority of the Board. The Board considers the depth of Company and industry knowledge and experience possessed by Non-Executive Directors, Mr Dempsey and Mr Michelmore, is of great benefit and value to the Company and its shareholders, and does not consider their independence to be compromised on the basis of tenure.

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	30 years	Executive Director, Chair
R. Velletri	29 years	Executive Director, Managing Director
P. J. Dempsey	18 years	Independent Non-Executive Director
C. P. Michelmore	14 years	Independent Non-Executive Director
D. R. Voss	7 years	Independent Non-Executive Director
H. J. Gillies	5 years	Independent Non-Executive Director
S. L. Murphy AO	2 years	Independent Non-Executive Director
E. P. Buratto	Appointed October 2021	Independent Non-Executive Director

Subsequent to year end, on 11 October 2021, Ms Murphy replaced Mr Dempsey as Lead Independent Non-Executive Director / Deputy Chair of the Company. Mr Dempsey continues to act as an 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 (AGM); 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

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 checks as to the person's character, experience, education, criminal record and bankruptcy history. The same process is applied to the recruitment of senior executives. 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. The induction is tailored towards the Director's existing skills, knowledge and experience, so may also include additional training associated with director legal duties and responsibilities, and accounting matters.

To ensure existing Directors continue to maintain the skills and knowledge needed to perform their role effectively, professional development opportunities are provided, including 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. Additionally, the Board regularly receives briefings on material developments in laws, regulations and accounting standards relevant to the Company.

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 2021 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, risk management and ethical standards to the Audit Committee.

The Audit 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:

H. J. Gillies (Chair – appointed as Chair on 1 September 2020, previously a member of the Audit Committee)
P. J. Dempsey (resigned as Chair on 1 September 2020, continued as a member of the Audit Committee)
D. R. Voss
S. L. Murphy AO

Qualifications of Audit Committee members

Ms Gillies is a Solicitor, with 25 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 member of the Sustainability and Risk Committee and Nomination and Remuneration Committee at ASX listed entity, Aurelia Metals Limited. She is also 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. On 1 September 2020, Ms Gillies was appointed as Chair of the Audit Committee following Mr Dempsey's resignation from the role. Ms Gillies has served on the Monadelphous Audit Committee since 2017.

Mr Dempsey is a Civil Engineer and Fellow of the Institution of Engineers Australia, with 49 years of experience in the construction and engineering services industry. He has a Graduate Diploma in Business Administration and is a member of the Australian Institute of Company Directors. He is also a director of ASX listed entity, Service Stream Limited, where he is a member of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee. His extensive experience in understanding risks and accounting matters relevant to the engineering services sector allows him to effectively assess financial reporting issues requiring critical judgement. On 1 September 2020, Mr Dempsey resigned as Chair of the Audit Committee and continued as a member of the Audit Committee. Mr Dempsey has served on the Monadelphous Audit Committee since 2003.

Mr Voss is a Chemical Engineer and has 47 years of experience in the oil and gas, and mining and minerals industries, throughout Australia, the United States, 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 a Master of Business Administration, majoring in Finance and Quantitative Methods, chemical engineering and law degrees, and is a member of the Australian Institute of Company Directors. He 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, where 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 Murphy is a Civil Engineer, with 42 years of experience in the resources and infrastructure industries. During her 25 year engineering 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 is also a non-executive director of ASX listed entity MMA Offshore Limited, where she is Chair of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee. She 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 has served on the Monadelphous Audit Committee since 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 2021 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 policies, procedures and internal controls 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 material risks relevant to the Group's objectives, nominating risk appetite, assessing the risks 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 the risk appetite 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 appetite 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 health, safety, environmental and 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 2021 with no material governance changes required.

The Board formally reviews the material business risks as part of the Company's annual strategic planning process to ensure risks are effectively addressed and 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, contracting, financial, operational, compliance, economic, health, safety, environmental, human resources 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
	Contractual
	Project delivery
	Liquidity
	Acquisitions and joint ventures
	Foreign exchange
	Innovation and technology
	Cybersecurity and IT business continuity
	Compliance with laws and regulations
Social sustainability risks	Employee retention, attraction and development
	Harm to people (health and safety)
	Pandemic
	Reputation
	Industrial relations
Environmental sustainability risks	Harm to environment
	Climate

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 political, 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 ensuring a diverse offering of services and exposure across multiple markets. The limits of strategic risk the Company is willing to accept are defined within its markets and growth strategy approved by the Board. 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, or applies an inadequate pricing strategy, there is a risk that the Company's financial performance may be negatively impacted. Inaccurate or inadequate pricing may result in reduced margin and financial liability.

To mitigate this, the Company is selective in the work that it tenders and undertakes a thorough review process for all tenders prior to submission. 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, to ensure effective identification and assessment of risk at the tender stage.

Contractual – The Company is typically contracted under customer proposed terms and conditions. These contractual agreements may vary widely and expose the Company to the risk of financial loss should it enter into an agreement with unfavourable terms and conditions. The Company identifies, analyses and treats contractual risk at the time of tender and employs suitably qualified and experienced contractual and legal personnel to undertake contractual negotiation and agreement, in accordance with Monadelphous' prescribed tolerance limits for contractual terms and conditions.

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 maintains a robust project management system which effectively manages 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 undertaken 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 regularly reviews cash flow forecasts including project cash flows, closely monitors cash collections and payment obligations and undertakes appropriate credit verification procedures on customers. The Company also regularly reviews its facility levels and compliance with banking covenants.

Acquisitions and joint ventures – In accordance with its markets and growth strategy, the Company may enter new markets and gain access to new customers via acquisitions and joint ventures. This may expose the Company to the risk of financial loss due to over valuation of a target, underperformance of the acquired business or joint venture or inadequate integration.

The Company mitigates these risks by undertaking thorough due diligence and integration planning prior to agreement, covering, amongst other areas, valuation, financial stability, liabilities and alignment with strategic objectives, values and culture.

Foreign exchange – The Company operates in, and sources supplies from, a number of overseas jurisdictions and as a result, it is exposed to the risk of financial loss resulting from fluctuating foreign exchange rates.

The Company adopts practices in accordance with its Foreign Exchange Risk Management Policy to effectively mitigate and manage exposures to foreign currency fluctuations. This includes not accepting foreign exchange risk in contracts where possible and minimising the amount of excess foreign currency balances in overseas jurisdictions not required for working capital, as well as hedging its exposure using forward contracts.

Innovation and technology – The application of innovative solutions, including the use of technology in the provision of construction and maintenance services and administrative functions, can deliver improvements in productivity, quality, sustainability, safety and environmental performance, and enable growth in new markets. The failure to identify and act decisively on threats or opportunities presented by new technology can have a negative impact on the business in terms of reduced competitiveness, attractiveness as an employer and reputation among customers and industry more broadly.

The Company drives innovation across the business by leveraging ideas from employees, systematically implementing improvements, and strategically monitoring the external technology landscape, and actions of customers and competitors with respect to technology adoption. Successfully implemented ideas are communicated across the business to drive replication and standardisation where it makes good business sense.

Cyber security and IT business continuity – The ever-increasing sophistication and frequency of cyber-attacks heightens the risk of associated financial or reputational damage to the Company. The Company may also encounter significant business disruption should there be a failure of its critical IT systems.

Recognising the constantly changing cyber security landscape, Monadelphous invests in systems, equipment and resources to mitigate the risks associated with maintaining the confidentiality, integrity and availability of its systems, IT equipment and data. Additionally, the Company ensures its systems are appropriately maintained and supported to meet agreed performance expectations and that contingency plans exist and are tested regularly to minimise downtime and data loss in the event of a system fault or failure.

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. Non-compliance with relevant laws and regulations may result in criminal prosecution, significant penalties, reputational damage and ultimately impact the Company's ability to operate.

The Company manages its compliance with these requirements through the implementation of systems and controls, employing suitably qualified subject matter experts and engaging region specific legislation experts where required. The Company also monitors changes in legislation and updates its procedures as required to ensure ongoing compliance. If non-compliance with laws and regulations is identified, it is notified to the appropriate level of management or the Board for remediation.

Social sustainability risks

Employee retention, attraction and development – As a services business, Monadelphous' intellectual property resides in its people and systems. The failure to retain, attract and develop highly competent people who live the Company's values may impact its ability to achieve its strategic vision and deliver value for stakeholders, resulting in financial loss and reputational damage.

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.

Harm to people (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 AS/NZS 4801 and ISO 45001 for occupational health and safety management systems.

Pandemic – Rapidly spreading infectious diseases pose a global threat to the health and safety of employees and may create severe disruption to business operations, impacting the Company's ability to deliver for customers. Pandemic events expose the Company to the risk of financial loss and reputational damage and may result in the cancellation or delay of existing contracts, deferment of future works and disruption of supply chains.

In response to the threat of pandemics, the Company implements appropriate measures in line with its business continuity plan and risk management framework to ensure the safety of its people and manage any resulting disruption.

Reputation – Monadelphous has a strong reputation for integrity, reliable performance and delivery. The Company's reputation assists its ability to secure and retain work, retain and attract employees, work with and in the community and build strong supplier relationships. The Company's reputation may be tarnished by safety and environmental incidents, poor project or financial performance, industrial unrest, ineffective community relations or behaviour in breach of the Company's Code of Conduct, and may be impacted by strategic decisions regarding where and with whom the Company works.

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.

Industrial relations – A large proportion of Monadelphous' workforce operates under industrial agreements. Monadelphous may be exposed to the risk of employee and industrial unrest associated with the management of employee related matters, which have the potential to damage the reputation of the Company.

The Company mitigates this risk by ensuring appropriate processes are in place to effectively manage employees, address grievances and comply with workplace laws. The Company also consults regularly with unions to understand and address any concerns in a cooperative manner.

Environmental sustainability risks

Harm to the environment – Environmental risk is the actual or potential threat of harm to living organisms and the environment by effluents, emissions, waste and resource depletion, arising out of the Company's activities. The Company's reputation may be tarnished as a result of environmental damage from its activities, impacting its ability to retain and attract employees, retain and secure future work opportunities, and affecting shareholder value.

Monadelphous conducts work in environmentally sensitive areas and has a responsibility to protect the local ecosystems when delivering projects. It is committed to environmental sustainability through the diligent management of activities, including the identification of risks to the natural environment and the implementation of strategies and actions to mitigate or reduce its impact, in line with its commitment to zero environmental harm. Ensuring compliance with customer requirements and environmental legislation and regulation is also critical to maintaining its strong reputation as a contractor of choice. To support this, the Company applies an environmental management system that is certified to AS/NZS/ISO 14001 Environmental Management Systems.

Climate risk – Climate risk is the risk that climate change poses to the Company's strategy and business model. If the Company does not remain agile in adapting to market conditions, it may be exposed to financial and reputational loss.

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, maintaining an ability to adapt to customer and market shifts, and developing innovative climate change solutions in an effort to reduce emissions and energy consumption within its operations and those of its customers. The move towards a low-carbon economy will continue to influence change in a number of industries within which the Company operates. The Company's markets and growth strategy provides the flexibility for the Company to diversify into new markets, creating opportunities and mitigating the risk of market changes. Recognising the importance of alternative sources of energy, Monadelphous continues to grow its footprint in the renewable energy sector through Zenviron, and the rapidly emerging hydrogen sector is expected to provide opportunities for the Company in the years to come.

The Board reviews its risk management framework as part of Monadelphous' annual strategic planning process, including the material business risks relevant to the Company. In recent years, climate risk has formed part of this review, with the Board considering its impact on the Company's markets and growth strategy. The Board provides guidance to management to assist in the development of the strategy for future years. It is the responsibility of management to develop the strategy for approval of the Board and to report regularly on its progress towards achieving the objectives.

During the year, to enhance the focus on the Company's environmental strategy and initiatives, an environmental lead team was formed comprising representatives from operational and functional areas across the business. A key objective of the team was to review and refresh the Company's environmental strategy, with appropriate consideration given to key stakeholder requirements, including customers, shareholders, employees, regulators and the communities in which the Company operates, and included climate-related matters.

Monadelphous has undertaken a review of the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and an assessment of its exposure to climate risks. This assessment was undertaken by the Group Risk Function in consultation with operational and health, safety and environment (HSE) management. The Company is in the early stages of its journey in regards to applying the TCFD in managing climate related risks. Processes will continue to evolve and improve over time as risks change, however Monadelphous is committed to ensuring that focus is maintained in this critical area.

In the risk assessment, Monadelphous considered each of the climate-related risks and opportunities identified by the TCFD and the potential impact to the Company. Whilst the overall exposure to climate risk was not considered to be material in the short term, a number of medium to long term risks and opportunities are outlined below in the interest of transparency.

Risk (TCFD Risk Type)	Description	Potential Business Impact	Risk Management
Changing Customer Behaviour (Transition – Market)	The move towards a low carbon economy may reduce demand for coal	Reduced demand for new construction projects in the coal sector	Monadelphous' exposure to the coal sector is not material Continue to monitor shifting demand and adapt strategy accordingly
Increased stakeholder concern (Transition – Reputation)	Negative perception of various stakeholders (e.g. current and prospective employees, shareholders) to the Company operating in fossil fuel industries	Ability to retain and secure quality workforce Potential investor concerns	Ensure transparency over Company's environmental strategy Continue to progress markets and growth strategy in green energy sectors Remain cognisant of stakeholder concerns when assessing opportunities
Extreme weather events (Physical – Acute and Chronic)	Increased frequency and severity of weather events impacting operations and projects and threatening the health and safety of its workforce	Inability to deliver according to contractual requirements	Assess contractual requirements and ensure appropriate mitigation strategies are implemented
Opportunity (TCFD Opportunity Type)	Description	Potential Business Impact	Opportunity Management
Renewable energy market presence (Energy Sources, Products and Services)	Zenviron is an established, experienced balance of plant contractor specialising in large scale renewable energy projects	The move towards a low carbon economy will continue to provide opportunities for Zenviron	Continue to enhance Zenviron's position in the renewable energy market
Capitalise on growth in existing markets (Markets)	The move towards a low carbon economy will provide further opportunities for Monadelphous in battery metals	Monadelphous' existing reputation for delivery and experience in base and precious metals (e.g. copper, gold, lithium) markets in Australia and overseas puts it in a strong position to secure new opportunities	Target opportunities with existing and new customers
Leverage existing capabilities to access new and emerging markets (Markets)	The rapid development of the hydrogen sector will provide opportunities for Monadelphous	Opportunity to leverage current capabilities to new markets that will emerge as a result of the transition to a low carbon economy, such as hydrogen	Target new hydrogen opportunities with existing and new customers

The specific actions to manage the identified key climate risks and opportunities are noted above. Climate risk is managed in accordance with the Company's risk management framework and in line with its markets and growth strategic objectives. 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.

The Company is committed to zero harm to the environment and during the year, did not have any serious environmental incidents.

The Company routinely collects and monitors carbon reporting data to monitor its emissions and reduce its overall carbon footprint, to aid in environmental planning, and to meet legislative requirements and sustainability reporting. This involves the collection of data relating to fuel use, energy consumption and indirect emissions. Monadelphous undertakes greenhouse and energy reporting under the National Greenhouse and Energy Reporting (NGER) Act. For further details, refer to the Company's 2021 Annual Report.

As Monadelphous continues on its climate and TCFD journey, it will consider further measures and targets to assess the effectiveness of its climate related strategies.

Managing Director and CFO Declaration

Prior to the Board's approval of the 31 December 2020 half year and 30 June 2021 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 2021 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, Audit and Remuneration Committees 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 material governance changes were required as a result of these 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.

The Company's remuneration structure does not reward conduct that is contrary to the Company's values or risk appetite.

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 2021 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.

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

Subsequent to year end, on 30 September 2021, Mr Michelmore resigned as Chair of the Remuneration Committee. Ms Murphy was appointed as Chair of the Remuneration Committee on 1 October 2021.

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 2021 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 five core values at Monadelphous are:

- Safety and Wellbeing – We show concern and actively care for others. We always think and act safely.
- Integrity – We are open and honest in what we say and what we do. We take responsibility for our work and our actions.
- Achievement – We are passionate about achieving success for our customers, our partners and each other. We seek solutions, learn and continually improve.
- Teamwork – We work as a team in a cooperative, supportive and friendly environment. We are open-minded and share our knowledge and achievements.
- Loyalty – We develop long term relationships, earning the respect, trust and support of our customers, partners and each other. We are dependable, take ownership and work for the Company as our own.

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 Monadelphous 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. It is not intended to cover all possible circumstances that may arise during day to day business activities, but rather it provides a framework which can be applied to issues and circumstances so that decisions can be made which are aligned with the Company values.

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

The Monadelphous Code of Conduct outlines the Company's 'zero tolerance' to any form of bribery and corruption in the conduct of its activities. This is also outlined in its Anti-Bribery and Corruption Policy. No employee will suffer adverse consequences for refusing to participate in an act of bribery or corruption, or for reporting, in good faith, suspected instances of bribery or corruption.

Monadelphous is committed to operating in accordance with the United Nations (UN) Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. It 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 commitment is also reflected in its Supplier Code of Conduct, which outlines Monadelphous' 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.

During the year, in line with the Monadelphous' roadmap for continuous process improvement to address the potential risks of modern slavery in its operations and supply chain, the Company further refined its supplier onboarding and periodic assessment processes, undertaking an additional tranche of assessments. Modern slavery awareness training was developed and delivered to Company employees operating in high risk geographies and those regularly interacting with suppliers and subcontractors, to assist in the identification of modern slavery and labour rights abuses. The Company also formally integrated its Chile based business, Buildtek, into its modern slavery framework, updating policies and procedures to ensure the identification and management of potential risks.

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 Integrity and Whistleblower Policy outline the procedure for reporting complaints and breaches and these policies are regularly reviewed. The Company is committed to acting on all matters raised with integrity and fairness.

As outlined in its charter, the Monadelphous Integrity Committee is responsible for ensuring the Company has an appropriate level of transparency and governance in place to effectively manage any high level risks which may arise from actual or suspected serious breaches of the Company's Code of Conduct. It monitors the investigation of any actual or suspected breaches of the Code of Conduct referred to it (whether through internal channels or the Company's integrity and whistleblower hotline), ensures that any identified improvements are actioned on a timely basis and provides governance and oversight in relation to the ethics and compliance requirements of the Code of Conduct. The Integrity Committee is also responsible for escalating matters as required. The Board is responsible for receiving and reviewing reports on material incidents of breaches of the Company's Code of Conduct, as well as any matters that may have a significant financial or reputational consequence to the Company, and ensuring appropriate investigation and action has been taken.

During the year, the Company commenced a process to review and refresh its Code of Conduct and supporting human resources policies with the aim of supporting inclusion and reinforcing acceptable workplace standards.

For further details of the Code of Conduct and related policies, including the Anti-Bribery and Corruption and Human Rights policies, 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 orientation, gender identity, marital or family status, age, disabilities, pregnancy, family responsibilities, ethnicity, political or religious beliefs, cultural background, socio-economic background, perspective and experience.

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

- promoting the awareness of, and commitment to, workplace diversity principles;
- implementation of a code of conduct, which is underpinned by the Company's values and provides guidance on the behaviour of all employees, including in relation to equality in employment;
- recruitment and selection practices that ensure a diverse range of candidates are considered and guard against any conscious or unconscious biases that might discriminate against certain candidates;
- policies, plans and activities which ensure all employees are valued, encouraged and provided with opportunities to develop to their full potential, and thereby assist in the development of a broader and more diverse pool of skilled and experienced employees;
- recognising that employees at all levels may have domestic responsibilities and adopt flexible work practices that will assist them to meet those responsibilities;
- providing opportunities for employees on extended parental leave to maintain their connection with the Company, including providing them with the option to receive all-staff communications and to attend work functions and training programs;
- establishing measurable objectives for achieving greater diversity, through defined female participation targets within the composition of the Company's Board, along with early careers and key talent cohorts, and annually reviewing those objectives and the progress made towards achieving them; and
- periodic review of the Company's diversity policy to ensure it is operating effectively.

During the year, the Company further progressed the initiatives and commitments outlined in its inaugural Gender Diversity & Inclusion Plan 2018 – 2020, to enhance female participation, with particular focus on its future workforce and the advancement of female talent. Monadelphous' Gender Diversity and Inclusion Committee, consisting of senior representatives from across the business, met regularly throughout the year to review progress against its commitments in its Gender Diversity and Inclusion Plan.

To ensure a safe, respectful and inclusive working environment for all employees remains a priority, the Company undertook a review and refresh of its Code of Conduct and supporting human resources policies, with the aim of supporting inclusion and reinforcing acceptable workplace standards. In addition, a number of training initiatives were rolled out across the Company's workforce relating to unconscious bias and equal employment opportunities.

Pleasingly, Monadelphous successfully retained more than 90 per cent of its key female talent, again achieved its target of 20 per cent female participation in the Monadelphous Graduate Program, and announced the appointment of its first female operational General Manager during the year.

Ahead of its inaugural Gender Diversity and Inclusion Plan coming to completion, the Company commenced the consultation process for its second Gender Diversity and Inclusion Plan 2021 – 2023. The new plan will build on progress made to date and focus on ensuring a safe, respectful and inclusive working environment for women, removing barriers to entry and ensuring equal access to opportunities for women entering trade roles, providing opportunities for women within its workforce to connect and network and extending targets for female candidates in the Company's Vacation and Graduate programs. The plan will be launched in the first half of the 2022 financial year.

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

Action	Progress
All female employees in senior management positions receive formal performance feedback with identified development opportunities.	As part of the Company's strong commitment to talent development and retention, formal performance feedback and identification of development opportunities continued to be provided through discussions with employees, including with female employees in senior management positions.

Action	Progress
Increase attraction and recruitment of women, including the review and assessment of Monadelphous recruitment materials to ensure the reflection of a diverse workforce.	<p>Reflecting Monadelphous' diverse workforce, recruitment advertising was reviewed to ensure female representation was demonstrated and use of the inclusive language tool, Textio, continued to guide inclusive language practices in recruitment advertising.</p> <p>Targeted digital marketing material in the Company's annual Graduate Program marketing campaign encouraged female participation in the program.</p> <p>The Company's careers website was regularly updated with new employee stories and imagery reflecting a broad range of employees from within Monadelphous' diverse workforce and highlighted 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>Monadelphous' Group Mentoring Program continued during the year, designed to enhance its culture of leadership and provide talent development opportunities to both internal mentors and mentees. The program is complementary to existing mentoring offered to graduates through the Company's Graduate Program and other informal mentoring relationships across the business. Female participation exceeded 30 per cent, with both female mentors and mentees participating in the program.</p> <p>In addition, more than 15 per cent of participants in Monadelphous' Emerging Leaders development program were female, with two courses offered during the year.</p>
The provision of suitable working arrangements for employees returning from parental leave and ongoing engagement with these employees during this period.	Working arrangements aligned to meet the needs of a diverse workforce remained a focus during the period, with continued support provided to employees through the parental leave process, including through the establishment of a dedicated Parental Leave information hub on the Company's intranet. 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, reviewed annually to ensure appropriateness and alignment with market conditions.	Important to the Company's commitment to retaining and attracting a diverse workforce, the Company's paid parental leave scheme was reviewed to ensure appropriateness and alignment with market conditions.
Access to Family and Domestic Violence Leave is made available to all employees.	Access to Family and Domestic Violence leave continued to be provided 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>Promotion of early career pathways at Monadelphous, and within the broader sectors where the Company works, saw continued engagement with female school and university students, and university graduates, through on-campus and industry-coordinated presentations.</p> <p>Monadelphous representatives participated in events supporting the Girls in Engineering and Diversity of Thought programs, facilitated by the University of Western Australia, Gender Equity in Engineering Makes Sense program, in partnership with the Queensland University of Technology, and Curtin Women in Engineering, delivered by Curtin University.</p>
A review of the number of candidates from diverse backgrounds identified as key talent for the purposes of succession planning.	Through the Company's biannual key talent review process, Monadelphous continued to focus on highlighting female participation and representation within its key talent program, and in its succession planning and talent development 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.

Action	Progress
Implementation of a female cadetship program across the organisation, focusing on the development of young women in STEM related industries.	The female cadetship program continues 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.
Establish long term, sustainable partnerships with organisations who promote engineering among high school students, to encourage entry of females into engineering training programs and the engineering workforce.	Monadelphous' partnership with University of Western Australia's Girls in Engineering program was impacted by the COVID-19-related limitations to on-campus and in-school events. Promotion and re-establishment of partnership activities is a focus for the year ahead. Monadelphous continued its support for the Gender Equity in Engineering Makes Sense through Queensland University of Technology, sponsoring the program and attending events promoting gender diversity, equity and inclusivity in engineering.
Formalise the Company's commitment to flexible working arrangements through the implementation of a Workplace Flexibility Policy and associated toolkit of resources. Continue to provide access to flexible working arrangements through the policy.	Workplace Flexibility Policy and toolkit were developed through consultation with the Company's workforce and implemented during the period.
Minimum of 30 per cent female representation in the composition of the Board.	For the duration of the year ended 30 June 2021, Monadelphous had 71 per cent male and 29 per cent female representation on the Board, only slightly below the target of 30 per cent. The Company has appointed two female directors in the last 5 years and the Nomination Committee is constantly reviewing the composition of the Board to ensure it has the required skills, experience and diversity to assist the Company in achieving its strategic objectives.

For the year ended 30 June 2021, Monadelphous had seven directors on the Board, comprising five men and two women. The Company has achieved greater gender diversity in the composition of its Board over the last five years with the appointment of two female directors. 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 Company's Audit Committee. Ms Sue Murphy has been on the Board since June 2019 and has extensive experience in corporate governance, capital works development and productivity improvement. She is a member of the Company's Nomination and Audit Committees and on 1 October 2021, was appointed as Chair of the Company's Remuneration Committee. On 11 October 2021, Ms Murphy was appointed as Lead Independent Non-Executive Director and Deputy Chair of the Company.

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 other facets 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 as the broader population.

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 Reflect RAP in 2013.

The Company continued to make significant progress on its reconciliation journey, underpinned by its Stretch RAP for 2017 – 2020. Monadelphous is proud to have once again reached Indigenous 'Employment Parity', achieving its goal of more than three per cent Indigenous employment. The Company's commitment to developing sustainable partnerships with Aboriginal and Torres Strait Islander businesses and communities featured strongly too, with the establishment of a partnership with the Graham (Polly) Farmer Foundation providing practical support for Aboriginal and Torres Strait Islander students to reach their full potential.

In addition, the Company continued to provide cultural awareness training for its employees. The training aims to improve understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights, and encourages the Company's workforce in the demonstration of respect for Aboriginal and Torres Strait Islander communities and their cultures.

During the year, the Company developed its fourth RAP 2021 – 2024, which will come into effect in the first half of the 2022 financial year. The plan, which was informed by consultation with Aboriginal and Torres Islander employees and the broader workforce, places a renewed emphasis on engagement with Indigenous businesses to increase opportunities for business spend, maintaining a minimum of three per cent Indigenous employment, and improving mentoring and support for existing and new Aboriginal and Torres Strait Islander employees. It demonstrates Monadelphous' continued commitment toward achieving reconciliation within its business, and its sincere desire to make a positive contribution toward Australia's Aboriginal and Torres Strait Islander community.

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

For a copy of Monadelphous' latest Workplace Gender Equality Report, refer to the Company's website.

Investor Relations, Corporate Reporting and Continuous Disclosure

Monadelphous is committed to providing appropriate information and processes to allow shareholders to exercise their rights and to promote effective two-way engagement with shareholders and the investment community. The Company communicates openly and honestly, providing clear, accurate and balanced information about its business and performance to enable users to make informed investment decisions.

Monadelphous' investor relations program includes:

- an investor results presentation and media release provided to the ASX with the half and full year financial results;
- an investor and analyst briefing (webcast and teleconference) following the release of the financial results, where the Managing Director and Chief Financial Officer deliver the investor results presentation (as provided to the ASX), followed by a question and answer session;
- an investor and analyst roadshow held twice a year following the release of the financial results, including one-on-one meetings and group meetings with key investors and analysts. All discussions are restricted to information previously disclosed to the market;
- engaging directly with investors, analysts and shareholder associations regularly throughout the year;
- an AGM presentation and address to shareholders provided to the ASX prior to the commencement of the AGM;
- 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 to enable shareholders unable to attend to view the meeting;
- maintaining the corporate governance and investor sections of 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.

As noted, Monadelphous' website complements the official release of material information to the market and provides information about the Company, ASX announcements, annual and half year financial reports, investor presentations, media releases, webcasts of investor and analyst or media briefings, annual and general meeting notices, corporate governance statements and governance policies. Where practicable, Monadelphous will utilise technologies that provide appropriate opportunities for more effective communications between the Company or Share Registry and its shareholders.

Monadelphous provides a number of reports and materials to the market which are not audited or reviewed by an external auditor, including its annual and half yearly directors' report, annual report, corporate governance statement and investor presentations. To ensure the integrity of the information contained within these documents, a thorough review is undertaken involving operational and functional leads from across the business, ensuring information is validated by the right people. Data is cross-checked against information already disclosed to the market and verified back to its original source. The Managing Director and Chief Financial Officer review and provide approval prior to release.

The Company provides disclosure of all material matters concerning it in a timely, accurate and balanced manner, ensuring its legal and regulatory continuous disclosure obligations are met. The Board is responsible for overseeing the integrity of the corporate reporting system and ensuring that all material matters are disclosed on a timely basis. While the Managing Director and Company Secretary are responsible for informing the Board of any matters they believe to be material, the Board has the primary responsibility for deciding what information is to be disclosed. Prior to disclosing material information, the Board undertakes a thorough review to ensure it is accurate and clear, to safeguard confidentiality, and to avoid premature disclosure. Once satisfied, the Board will authorise the release of the information. The Company Secretary is responsible for all communications with the ASX after the required approvals have been obtained and provides the Board with a copy of all final ASX announcements prior to their release to the market.

For further details, please refer to Monadelphous' Shareholder Communications and Continuous Disclosure policies on its website.

On behalf of the Board



C. G. B. Rubino
Chair
Perth, 18 October 2021