

The board of directors (**Board**) of Decmil Group Limited (**Decmil** or **Company**) is responsible for the corporate governance of Decmil and its subsidiary companies (**Group**). The Board governs all matters relating to the strategic direction, policies, practices, management and operations of the Group with the aim of protecting the interests of shareholders and other stakeholders, including employees, clients and suppliers, and creating value for them.

The ASX Corporate Governance Council's (**Council**) "*Corporate Governance Principles and Recommendations*" (**Principles and Recommendations**) articulates eight core corporate governance Principles, with commentary about implementation of those Principles in the form of Recommendations.

Pursuant to ASX Listing Rule 4.10.3 Decmil is required to disclose the extent to which it has followed the 29 Recommendations during the reporting period. Where a Recommendation has not been followed, the fact must be disclosed, together with reasons for departure from the Recommendation and what, if any, alternate governance practices it adopted in lieu of the Recommendation during that period. In addition, a number of the Recommendations require the disclosure of specific information in the corporate governance statement.

Decmil's corporate governance statement is current as at 30 June 2020 and has been approved by the Board. It is structured with reference to the Council's third edition of the Principles and Recommendations, which are as follows:

## Adherence to the Council's Third Edition of Principles and Recommendations

	Recommendation	Comply Yes / No
<b>Principal 1 – Lay solid foundations for management and oversight</b>		
1.1	Disclose the respective roles and responsibilities of the Board and management and disclose those matters expressly reserved to the Board and those delegated to management.	Yes
1.2	Undertake appropriate checks before appointing a director or putting forward their election and provide security holders with all relevant information in its possession relevant to their election or re-election as a director.	Yes
1.3	Written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Yes
1.5	Have a diversity policy which includes requirements for the Board or a committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. Disclose the policy and the measurable objectives and respective proportions of men and women on the Board, senior management and the whole organisation.	Yes
1.6	Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and disclose whether a performance evaluation was undertaken during a reporting period.	Yes

		Comply Yes / No
<b>1.7</b>	Have and disclose a process for periodically evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken during a reporting period.	<b>Yes</b>
<b>Principal 2 – Structure the Board to add value</b>		
<b>2.1</b>	The Board should have a nomination committee which has at least 3 members, a majority of whom are independent and chaired by an independent director and disclose the charter, the members and the number of times the committee met. Alternatively, if there is no nomination committee, disclose the processes it employs to address succession issues and ensure the Board has appropriate balance of knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities.	<b>Yes</b>
<b>2.2</b>	Have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board has or is looking to achieve.	<b>Yes</b>
<b>2.3</b>	Disclose the independent directors and length of service of directors.	<b>Yes</b>
<b>2.4</b>	Majority of the Board should be independent directors.	<b>No</b>
<b>2.5</b>	Chair of the Board should be an independent director and should not be the same person as the Chief Executive Officer of the company.	<b>Yes</b>
<b>2.6</b>	Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain their skills and knowledge.	<b>Yes</b>
<b>Principal 3 – Act Ethically and Responsibly</b>		
<b>3.1</b>	Establish a code of conduct for directors, senior executives and employees and disclose the code or a summary of the code.	<b>Yes</b>
<b>Principal 4 – Safeguard integrity in Corporate Reporting</b>		
<b>4.1</b>	Establish an audit committee which has at least 3 members, a majority of whom are independent and chaired by an independent director (who is not the chairperson of the Board) and disclose the charter, the members and the number of times the committee met.	<b>No</b>
<b>4.2</b>	Before the Board approves its financial statements for a financial period, the Board should receive from its Chief Financial Officer and Chief Executive Officer a declaration that, in their opinion, the financial records of the company have been properly maintained and the financial statements comply with appropriate accounting standards and the opinion has been formed on the basis of a sound system of risk management and internal control.	<b>Yes</b>
<b>4.3</b>	The external auditor should attend the entity's annual general meeting.	<b>Yes</b>
<b>Principal 5 – Make timely and balanced disclosure</b>		
<b>5.1</b>	Establish and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rules.	<b>Yes</b>
<b>Principal 6 – Respect the rights of shareholders</b>		
<b>6.1</b>	Provide information about the entity and its governance to investors via its website.	<b>Yes</b>
<b>6.2</b>	Design and implement an investor relations program to facilitate effective two-way communication with investors.	<b>Yes</b>

	<b>Recommendation</b>	<b>Comply Yes / No</b>
6.3	Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	Provide security holders the option to receive and provide communications electronically.	Yes
<b>Principal 7 – Recognise and Manage Risk</b>		
7.1	Have a committee to oversee risk which has at least 3 members, a majority of which is independent, and which is chaired by an independent director and disclose the charter, members of the committee and the number of times the committee met during the period.	No
7.2	The Board or committee of the Board should review the company's risk management framework annually and disclose each reporting period whether such a review has taken place.	Yes
7.3	Disclose whether it has an internal audit function and how it is structured and performed.	Yes
7.4	Disclose whether it has any material exposure to economic, environmental and social sustainability risks and how it manages or intends to manage those risks.	Yes
<b>Principal 8 – Remunerate Fairly and Responsibly</b>		
8.1	Establish a remuneration committee which has at least 3 members, a majority of which is independent, and which is chaired by an independent director and disclose the charter, members of the committee and the number of times the committee met during the period.	No
8.2	Clearly distinguish the policies and practices of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.3	A Company which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose that policy.	Yes

For further information on the corporate governance policies adopted by Decmil Group Limited, please refer to our website: [www.decmil.com](http://www.decmil.com)

## Structure and Operation of the Board

The Board operates pursuant to a formal Board Charter Policy which sets out matters of corporate governance including the composition, functions and responsibilities of the Board and matters affecting Directors in execution of their duties. The policy recognises that the Board is elected to represent shareholders' interests in the direction and management of the Company and the interests of its employees, customers and the local community where it operates.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

A Director is considered to be independent where they are a Non-Executive Director, are not a member of management and are free of any relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. The existence of the following relationships may affect independent status if the Director:

- is a substantial shareholder of Decmil or an officer of, or otherwise associated directly with a substantial shareholder of Decmil (as defined in section 9 of the Corporations Act);
- is a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Group other than as a Director.

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board Charter requires that at least one half of the Directors of Decmil be Non-Executive (preferably independent) Directors and that the Chair will be a Non-Executive Director.

In accordance with the definition of independence above, and the materiality thresholds set, the Board reviewed the positions and associations of each of the Directors in office at 30 June 2020 and considered that 2 of the Directors were independent as follows:

<b>Name</b>	<b>Position</b>
William Healy	Non-Executive Director
David Saxelby	Non-Executive Chairman

The Board will assess the independence of new Directors upon appointment and will continue to assess the independence of Directors, as appropriate. To facilitate independent judgement in decision-making, Directors must declare immediately to the Board any potential or active conflicts of interest and the Board will determine whether to declare to the market, any loss of independence.

The Company is currently undertaking a review of the size and composition of the Board. The Board renewal process is focussed on appointing Board members who have the skills, knowledge and experience required to assist the Company in meeting its strategic objectives. Decisions around new appointments will give consideration to the Board skills matrix and ensuring sufficient independence is achieved on the Board and Committees to ensure independent views and judgement are brought to deliberations.

The term in office held by each Director in office at 30 June 2020 is as follows:

<b>Name</b>	<b>Position</b>
Dickie Dique	Appointed July 2018
William Healy	Appointed April 2009
David Saxelby	Appointed May 2016

Powers specifically reserved by the Board include:

- reviewing and approving systems of risk management, internal control and compliance, codes of conduct, continuous disclosure and legal compliance, external financial reporting and major capital expenditure, capital management and acquisitions/divestments;
- any matters in excess of delegated authorities;
- providing input into, and approval of, the Company's strategic plan;
- reviewing and approving business plans and budgets including performance objectives;
- monitoring operational and financial position and performance;
- approving financial policies and financial statements;
- monitoring compliance with controls and accountability systems, regulatory requirements and ethical standards;
- on the Chief Executive Officer's recommendation, ratifying the appointment and removal of the Chief Financial Officer, Company Secretary and other senior executives;
- reviewing and approving remuneration and conditions of services for the executive management team;
- approving the issue of any securities;
- approving any public statements which reflect significant issues;
- appointing/removing auditors; and
- approving any changes to the authorities delegated from the Board.

The Board has delegated to the Chief Executive Officer and his executive management team, authority for the day to day management of the Company and its operations.

## Board Committees

To facilitate achieving its objectives, the Board had established an audit and risk committee and a remuneration committee as at 30 June 2020, comprising members of the Board. Each of these committees had formal charters that outline the committee's roles and responsibilities and the authorities delegated to it by the Board.

## Nomination Committee

The Board is of the view that due to the nature and size of the Company's operations, the functions normally performed by a nomination committee can adequately be performed by the full Board. This view is reviewed annually.

The Company maintains a Board skills matrix to assist in identifying the skills, knowledge, experience and capabilities required of the Board to meet the Company's strategic objectives. A summary of the key skills and experience that the Board is seeking to achieve in its membership, as detailed in the Decmil Board skills matrix, is outlined below:

Objective	Key Skills & Experience
<b>Leadership</b>	Business Leadership, Strategic Thinking, Strategic Planning, Director Experience, CEO Experience, Change Driver & Management
<b>Governance &amp; Risk</b>	Corporate Governance, Legal Compliance, Tax Compliance, Risk Identification, Risk Management, Compliance Management, Stakeholder Management
<b>Operations</b>	Project Delivery, Marketing and Public Relations, Health & Safety
<b>Sector Experience</b>	Construction & Engineering, Oil & Gas, Telecoms, Public & Private Infrastructure, Government, Hospitality, Property/Asset Ownership & Development
<b>Geographic Experience</b>	National, Emerging Countries, First World

<b>Financial Acumen</b>	Contractual Awareness, Financial Reporting, Corporate Finance, Corporate Tax, Financial Controls, Statutory Compliance
<b>New Business</b>	Mergers and Acquisitions, Organic Growth, Adjacent Business, Step Out Markets
<b>Diversity</b>	Age, Gender, Background, Experience
<b>Technology</b>	Information Technology, Operational Technology
<b>People</b>	Human & Cultural Development, Remuneration, Organisational Change
<b>Personal Attributes</b>	Integrity, Effective Listener & Communicator, Contributor & Team Player, Commitment, Influencer & Negotiator, Critical & Innovative Thinker

Appointments to the Board are based against these criteria to maintain an appropriate balance of skills and experience on the Board. In appointing new Board members, consideration is also given to the appointee's ability to contribute to the Board's ongoing effectiveness, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role and to contribute to the development of the Company's strategic direction.

## Remuneration Committee

The Board established a Remuneration Committee in January 2009 that operated under a charter approved by the Board.

Pursuant to the charter, all members of the Remuneration Committee are to be Non-Executive and the majority being independent Directors. As at 30 June 2020, the Remuneration Committee comprised the following members:

- William Healy (Chair)
- David Saxelby

For details of members' attendance at meetings of the Remuneration Committee, please refer to the Directors' Report.

The Company is currently undertaking a review of the size and composition of the Board to enable a Remuneration Committee to be formed in the future which complies with the requirements of the Remuneration Committee Charter and Corporate Governance Principles.

The overall purpose of the Remuneration Committee is to provide assistance and recommendations to the Board relating to:

- overall remuneration strategy of the Group;
- remuneration of Non-Executive Directors of Decmil; and
- remuneration of the Managing Director and/or the Chief Executive Officer and executive management team of the Group.

The Remuneration Committee does not make decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

The Remuneration Committee shall assist the Board in the implementation of its remuneration policy by:

- ensuring the Group's remuneration policies and practices fit with its strategic goals;
- undertaking periodic reviews of policies and practices in respect to total fixed remuneration, incentive remuneration and share and equity based plans;
- reviewing remuneration policies and practices to ensure they comply with regulatory requirements and good governance principles and practise;
- obtaining external advice on the market position of the Managing Director/Chief Executive Officer's remuneration package and making recommendations to the Board as to the total target review to be offered to the Managing Director/Chief Executive Officer for the coming year;

- approving the remuneration of executive management reporting to the chief Executive officer;
- establishing the process for review of the Non-Executive Directors' remuneration and making recommendations on the appropriate remuneration levels and other benefits provided to Non-Executive Directors;
- monitoring compliance with the Company's Code of Conduct, review of any breaches of the Code and actions taken by management in relation to breaches;
- considering and recommending to the Board the total target reward, including short term incentives and long-term incentives for each member of the executive leadership team taking into account the recommendations of the Managing Director and/or Chief Executive Officer;
- reviewing with the Managing Director and/or Chief Executive Officer the performance of members of the executive leadership team;
- reviewing and commenting on the Managing Director and/or Chief Executive Officer's succession plans for members of the executive leadership team and other key positions in the Group; and
- reviewing the Managing Director and/or Chief Executive Officer's recommendation for the remuneration package of new members of the executive leadership team.

## Audit and Risk Committee

The Board established an Audit and Risk Committee in January 2009 that operated under a charter approved by the Board.

Pursuant to the terms of the charter, all members of the Audit and Risk Committee are Non-Executive Directors with the majority being independent. The chairman of Decmil may not be chairman of the Audit and Risk Committee. As at 30 June 2020, the Audit and Risk Committee comprised the following members:

- William Healy (Chair)
- David Saxelby

Details of the skill and experience of the Audit and Risk committee members are detailed in the Director's report.

The Company is currently undertaking a review of the size and composition of the Board to enable an Audit and Risk Committee to be formed in the future which complies with the requirements of the Audit and Risk Committee Charter and Corporate Governance Principals.

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

The overall purpose of the Audit and Risk Committee is to protect the interest of the shareholders and other stakeholders in the Company by overseeing, on behalf of the Board:

- the quality and integrity of the Company's financial statements, accounting policies, financial reporting and disclosure practices;
- compliance with applicable legal and regulatory requirements, internal policies and codes of conduct;
- the effectiveness and adequacy of the control environment and the processes of identifying and managing risk;
- the internal and external audit functions; and
- treasury and taxation practices.

## Risk Management

Decmil recognises the importance of risk management and has a specific policy and procedure in place to standardise its focus and approach to risk management for the Group.

The Board is ultimately responsible for risk management of the Group and must be satisfied that significant risks faced by the Group are being managed appropriately and that the system of risk management within the Group is robust enough to respond to changes in the Group's business environment.

The Audit and Risk Committee assists the Board in relation to oversight of risk management practices and has the following responsibilities for risk management:

- developing an understanding of key risk areas and the consequences of major risk events;
- gaining assurance as to the adequacy of the Group's policies and procedures for integrating risk management into its operations; and
- reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the Group.

Each subsidiary within the Group is responsible for the identification, assessment, control, reporting and monitoring of risks. The Executive Leadership Team are responsible for implementing the requirements of the Group's risk management policy and procedures, and for providing assurance to the Board that compliance is being maintained.

## Group Risk Management System

In summary, the Group Risk Management system comprises:

- a Group Risk Management Policy Statement and Procedure based on the Standard for Risk Management (AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines). The Policy and Procedure outlines the Group's approach to managing risk including a description of responsibilities;
- an Enterprise Risk Register that identifies the most material risks facing the Group, together with an action plan to mitigate the occurrence or effect of each identified risk. Each of the risks on the Enterprise Risk Register have been allocated an owner who is responsible for monitoring, reporting and implementing action plans. The overall management of the Enterprise Risk Register rests with the Chief Commercial Officer. The Enterprise Risk Register is reviewed and refreshed on an annual basis as a component of the business planning process. The Enterprise Risk Register brings together the most critical risks (both corporate and operational) identified by the Group Risk Management System and creates a structured process for regular reporting to the Board;
- a Tax Risk Register that identifies potential tax risks facing the Group, including controls and documentation implemented to reduce risk ratings to a tolerable level (medium or below). The Tax Risk Register is owned by the Group Financial Controller and updated annually or in accordance with any adverse findings;
- a Chief Commercial Officer, who is responsible for managing and implementing Decmil's risk management framework;
- a section on Risk Management incorporated within each individual subsidiary business plan. These operational risks are separate to risks identified within the Enterprise Risk Register and are specific to the business plan focus of the particular subsidiary;
- bid / project (operational) specific risk and opportunity workshops which are completed both pre- and post- contract award, with the outcomes from these workshops maintained in a 'live' project risk register. Bid risk registers are reviewed prior to Client submission and Project risk registers are reviewed during the monthly project review cycle by the General Manager; and

- a Group wide comprehensive insurance program, which is reviewed annually.

## Tax Governance

Decmil is committed to the communities in which it operates including complying with all tax laws in those communities. Decmil has systems, procedures and policies in place to identify, manage and review tax risks to ensure the correct amount of tax is recorded, accounted for and paid in the correct jurisdiction. Some of these policies are:

- Significant tax matters and risks must be escalated to the Board;
- Roles and responsibilities for tax issues and tax risks must be allocated to qualified members of management and the Board; and
- There must be systems in place to assess, manage, monitor and review tax risks.

Through the implementation of these policies, Decmil seeks to maintain tax risk ratings with the Australian Tax Office at a low risk rating level. In addition, Decmil's appetite for tax risks relating to material transactions is low. Where tax uncertainty arises from material or complex transactions, Decmil will adopt the tax position most likely to be upheld by the Australian Tax Office.

## Decmil Internal Control System

The Decmil Internal Control system comprises:

- cost and schedule risk analysis reviews on all tender programmes prior to submission, and monthly reviews on all operational projects;
- management's understanding and acceptance of its responsibility to implement appropriate systems of internal control to effectively manage potential risks;
- ongoing oversight of strategic matters by the Executive Leadership Team and of operational matters by subsidiary Management;
- various policies and procedures covering areas such as Finance, Human Resources, Information Technology, Safety and Delegations of Authority which are centrally located via an intranet;
- monthly reporting and review of financial and budgetary information;
- external auditors independently evaluating the Group's internal control environment and its compliance with International Financial Reporting Standards on an annual basis; and
- a Commercial and Risk function who undertake operational audits with oversight from the Audit and Risk Committee.

The Group's Commercial and Risk function has a dedicated team with their own business plan and budget. They undertake internal risk reviews using suitably qualified external personnel. These operational reviews relate to project controls, quality and environment. The Group does not currently have an internal audit function. The priorities of the Commercial and Risk function are developed at the commencement of each financial year as a component of the business planning process and are aligned to the Group risk management process. The Commercial and Risk function is overseen by the Audit and Risk Committee.

As part of the audit of the financial statements, the Company's auditor has undertaken specific internal audit testing on major business cycles to determine the extent to which it can rely on the Company's key internal controls to produce reliable financial and performance information.

The Group has exposure to material economic risks including variability of market conditions and legislative changes to the sectors within which it operates. These risks are mitigated by ongoing research and monitoring of changing market conditions and diversification of the Group into a number of complimentary sectors. Mitigation of environmental risks includes maintenance of a certified environmental management system (AS/NZS ISO 14001:2015)

and implementation of an environmental management program that aims to ensure sustainable work practices and monitoring and minimising environmental impacts (emissions) as far as practicable. Social sustainability risks, where they arise, are identified and managed within the Group Risk Management system.

The Board has received a written assurance from the Chief Executive Officer and the Chief Financial Officer that, to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board understands that these assurances for internal control systems provide a reasonable level of assurance only and do not imply a guarantee against adverse events, or losses, or more volatile outcomes arising in the future and that the design and operation of the internal control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems.

## Performance of the Board

The performance of the Board and its individual Directors is reviewed on a regular basis, to ensure measurable improvements and overall efficiency.

The Board has determined that either an external or an internal Board review process will be conducted on a regular basis, with external reviews being conducted only when deemed required. The internal review process consists of robust discussions, involving an assessment of the individual performance of each of the Chairman and individual Directors and an assessment of the Board against the Board's objectives and responsibilities as set out in the Board Charter. An internal Board review was not conducted during the past 12 months, but one was conducted in late 2018.

The process for evaluating the performance of the Remuneration Committee and the Audit and Risk Committee involves an internal review of its performance against its objectives and responsibilities as set out in the relevant committee charter.

The performance of executives is reviewed regularly against appropriate measures. Further, the performance of executives is reviewed internally on an annual basis pursuant to a Companywide performance review process. Key performance indicators are agreed on an individual basis for such executives and performance against these indicators is then reviewed by the Chief Executive Officer. The outcome of the review then provides the basis for a professional development plan for each of the key executives.

## Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high-quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions.

The Remuneration Committee must ensure that the remuneration packages of directors and executives:

- display a balance between fixed remuneration and variable remuneration which is tailored to performance objectives;
- provide for a link between the performance of the Company and individual; and
- are consistent with the Company's remuneration policy and any other relevant Company policies.

All executives receive a base salary plus superannuation and performance incentives. The fixed component, base salary, is determined based on the position requirements, skills,

experience and expectations. The variable component, performance incentives, is linked to specified performance targets. The payment of bonuses, equity based payments such as performance rights and other incentives are reviewed by the Remuneration Committee periodically as part of the review of executive remuneration.

The Remuneration Committee review the executive remuneration packages by reference to Company performance, individual performance and comparable information from industry reports.

The Remuneration Committee is responsible for providing advice to the Board with respect to Non-Executive Directors' remuneration. The remuneration packages of Non-Executive Directors should generally be fee based and the Remuneration Committee must ensure that:

- there is a clear distinction between the structure of Non-Executive Directors' and Executive Directors' remuneration; and
- Non-Executive Directors do not participate in remuneration schemes designed for Executive Directors or receive performance based equity based payments, bonus payments, retirement or termination benefits other than statutory superannuation.

There is no scheme to provide retirement benefits, other than statutory superannuation, for Non-Executive Directors.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the economic entity. The remuneration strategy will also provide executives with the necessary incentives to work towards growing long-term shareholder value.

For a full discussion of Decmil's remuneration philosophy and framework and the remuneration, including all monetary and non-monetary components, received by Directors and specified executives in the current period please refer to the remuneration report, which is contained within the Director's Report.

## Code of Conduct

The Company requires its Directors, employees and contractors to observe the highest standards of behaviour and business ethics in respect to its operations. Managers are expected to undertake reasonable steps in ensuring that employees, contractors, consultants, agents and partners are aware of the Company's Code of Conduct policy to foster an environment that encourages ethical behaviour and compliance.

The Code of Conduct imposes high standards of behaviour and business ethics including:

- complying with all relevant laws and acting honestly and with integrity;
- being responsible and accountable for actions and the manner in which functions and duties are performed;
- not allowing any private interests to conflict with obligations and duties to the Company;
- maintaining a safe and healthy work environment;
- conducting operations in an environmentally responsible manner so that the operations are compatible with the maintenance of the environment;
- treating all persons with respect and dignity and not discriminating on the basis of sex, race, religion, politics, age or other personal differences; and
- not allowing any person to be disadvantaged in honestly reporting any breach of the Code of Conduct to senior management or any Director.

## Securities Trading Policy

Decmil has adopted a securities trading policy which details the Company's policy regarding the sale and purchase of Company securities by Directors and employees. The policy

prohibits Directors and employees from buying or selling securities in the Company when they are in possession of price sensitive information which is not generally available to the market.

In addition, trading in the Company's securities is not permitted by Directors and employees during closed periods which are the period from the end of the financial year or half financial year to the time of release of the annual or half year results.

It is also contrary to the policy for Directors or employees to be engaged in short term trading of Company securities (i.e. buying and selling within 12 months).

## Anti-Corruption and Anti-Bribery

The Company is committed to conducting its business and activities with integrity and has adopted an anti-corruption and anti-bribery policy which prohibits bribery and corruption, in any form, whether direct or indirect, whether in the private or public sector. Areas of concern are highlighted in the policy. Specifically, the Company prohibits facilitation payments and the giving and receiving of gifts or entertainment in connection with its business and business activities which go beyond common courtesies associated with general commercial practice.

## Diversity & Inclusion

The Company has a diversity policy in place which warrants all employees to value and recognise the importance of creating and maintaining a diverse workplace.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company's commitment to diversity ensures its workforce is made up of a diverse range of skills, values, backgrounds and experience.

Decmil is particularly focused on maintaining and increasing diversity in the following key areas:

- Continuing to recognise and celebrate our multicultural diversity and grow our workforce to reflect the diversity of the population in which we operate;
- Continuing to incrementally grow the number of women performing senior roles; and
- Continuing to assist Indigenous people to access employment opportunities in Decmil's operations.

The measurable objectives adopted by the Board in respect of developing gender diversity for the 2020 financial year are set out below:

1. Executive Leadership Team to ensure development and retention of female managers.
  - Retention of female managers across the Group excluding Company initiated redundancies;
  - The following managerial positions have been filled by female candidates: Pre-contracts Manager, Commercial Manager, Payroll Manager and three Community & Stakeholder Managers; and
  - Development plans and KPIs are in place for all female managers as part of the annual performance review process.
2. Managers to meet or formally make contact with female employees on parental leave.
  - Ten female employees have taken primary parental leave across the Company;
  - The Company worked with employees returning from parental leave to develop return to work plans to support transitioning back to work. These plans have involved agreed part-time return to work or flexibility arrangements on start and finish times to support individual needs;

- Communication updates have been forwarded to all employees on parental leave; and
  - Employees on parental leave are invited to corporate functions.
3. Success in female career development through internal career promotion/ position change and by providing training opportunities.
- Group made a number of female employee promotions / position changes due to career development and business requirements such as:
    - People & Culture Business Partner to People & Culture Manager;
    - Contracts Administrator to Senior Contracts Administrator; and
    - Office Manager to Proposal Coordinator.
  - Some examples of the training opportunities the Group has provided female employees are as follows:
    - Group Manager – Commercial & Risk completed assessment to become a Chartered Surveyor through RICS;
    - Group Manager – Sustainability & Quality attending indigenous procurement course; and
    - Providing flexible work arrangements in order for employees to complete external university studies.

The table below shows gender participation across the Group as at 1 June 2020 at all levels, in addition to executive and senior management:

	Female	Female %	Male	Male %
<b>Administration</b>	31	86%	4	14%
<b>Wages workforce</b>	7	5%	153	95%
<b>Supervisory/Professional</b>	31	16%	168	84%
<b>Senior Managers</b>	13	26%	37	74%
<b>Executive Leadership Team</b>	0	0	3	100%
<b>Total</b>	<b>82</b>	<b>19%</b>	<b>365</b>	<b>81%</b>
<b>Board</b>	0	0%	3	100%

Decmil has maintained gender diversity, through the use of the aforementioned objectives and strategies across the business. This is reflected in the overall percentage of female participants within the business which has remained the same as last year. Our female employees within senior management roles has increased by 14%.

## Continuous Disclosure Policy

The Company has adopted a continuous disclosure policy to ensure compliance by the Company with its continuous disclosure requirements arising from legislation and the ASX listing rules.

Pursuant to this policy, all management and staff must inform the Managing Director/Chief Executive Officer (or in their absence, the Company Secretary or another Director) of any potentially material information or proposal as soon as practicable after the person becomes aware of that information. In accordance with ASX listing rule 3.1, the Chairman and Managing Director/Chief Executive Officer must immediately notify the market of any

information concerning the Company that they believe a reasonable person would expect to have a material effect on the price or value of shares in the Company.

The policy notes that the Company Secretary is the authorised officer for ASX listing rule purposes and is responsible for overseeing and co-ordinating disclosure of information to ASX and shareholders.

## Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business of the Company, including the election and remuneration of Directors, approval of annual financial statements and amendments to the constitution of the Company. The Board actively encourages shareholders to attend and participate in the annual general meeting of the Company, to lodge questions to be responded to by the Board and to appoint proxies.

The Company maintains a website which contains information regarding the Group, Directors and management, operations, ASX announcements as well as all corporate governance policies adopted by the Company. Shareholders are able to request, via the Company's website or share registry, shareholder communications to be received electronically.

## Summary

In summary, Decmil Group Limited concludes that it has complied with the majority of Recommendations throughout the 2020 financial year. The Company's corporate governance policies can be found on the Company's website [www.decmil.com](http://www.decmil.com)