

## CORPORATE GOVERNANCE STATEMENT

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 2016 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

	<b>Recommendation</b>	<b>Comply Yes / No</b>
	<b>Principal 1 – Lay solid foundations for management and oversight</b>	
<b>1.1</b>	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.	<b>Yes</b>
<b>1.2</b>	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.	<b>Yes</b>
<b>1.3</b>	Written agreement with each director and senior executive setting out the terms of their appointment.	<b>Yes</b>
<b>1.4</b>	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.	<b>Yes</b>
<b>1.5</b>	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.	<b>Yes</b>
<b>1.6</b>	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.	<b>Yes</b>
<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>Recommendation</b>	<b>Comply Yes / No</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>Yes</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>Yes</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>6.3</b>	Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<b>Yes</b>
<b>6.4</b>	Provide security holders the option to receive and provide communications electronically.	<b>Yes</b>

Recommendation	Comply Yes / No
<b>Principal 7 – Recognise and Manage Risk</b>	
<b>7.1</b> 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.	<b>Yes</b>
<b>7.2</b> 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.	<b>Yes</b>
<b>7.3</b> Disclose whether it has an internal audit function and how it is structured and performed.	<b>Yes</b>
<b>7.4</b> Disclose whether it has any material exposure to economic, environmental and social sustainability risks and how it manages or intends to manage those risks.	<b>Yes</b>
<b>Principal 8 – Remunerate Fairly and Responsibly</b>	
<b>8.1</b> 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.	<b>Yes</b>
<b>8.2</b> Clearly distinguish the policies and practices of non-executive directors' remuneration from that of executive directors and senior executives.	<b>Yes</b>
<b>8.3</b> 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.	<b>Yes</b>

For further information on the corporate governance policies adopted by Decmil Group Limited, please refer to our website: <http://www.decmil.com.au>

### 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);

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- is employed, or has previously been employed in an executive capacity by the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Group, or an employee materially associated with the services provided;
- 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 6 Directors in office at the date of this statement and considers that 4 of the Directors are independent as follows:

<b>Name</b>	<b>Position</b>
William Healy	Non-Executive Chairman
Giles Everist	Non-Executive Director
David Saxelby	Non-Executive Director
Lee Verios	Non-Executive Director

The Board will assess the independence of new Directors upon appointment. David Saxelby was appointed to the Board in May 2016. In addition to his role as Non-Executive Director, he is engaged to act as a strategy and relationship advisor to the Group. In forming the view that Mr Saxelby is an independent Director, the Board considered his role with the Company and the commentary and factors relevant to assessment of independence of a Director contained in the Principles and Recommendations issued by the Council. The Board 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 term in office held by each Director in office at the date of this statement is as follows:

<b>Name</b>	<b>Position</b>
Denis Criddle	Appointed August 2007
Scott Criddle	Appointed April 2010
Giles Everist	Appointed December 2009
William Healy	Appointed April 2009
David Saxelby	Appointed May 2016
Lee Verios	Appointed April 2010

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;

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- 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 discretions 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 has established an audit and risk committee and a remuneration committee, comprising members of the Board. Each of these committees has 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.

During the 2016 financial year, the Company developed 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 operates 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. The Remuneration Committee currently comprises the following members:

- Lee Verios (Chair)
- William Healy
- David Saxelby

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

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

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- 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 operates under a charter approved by the Board.

Pursuant to the terms of the charter, all member 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. The Audit and Risk Committee currently comprises the following members:

- Giles Everist (Chair)
- William Healy
- Denis Criddle

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

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 and 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 business unit within the Group is responsible for the identification, assessment, control, reporting and monitoring of risks. Business units 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.

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 Group Risk Controller who meets with risk owners on a quarterly basis to update each relevant risk in terms of occurrence, effect and status of action plans. The Group Risk Controller integrates any findings from ongoing operational audits and compliance work into the Enterprise Risk Register. The Group Risk Controller provides a report to the Audit and Risk Committee on a quarterly basis for each of the risks on the Enterprise Risk Register and the overall management of enterprise risk. 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 Group Risk Controller; Group HSEQ Manager, who is responsible for managing and implementing Decmil's risk management framework;
- Operational Risk Management Plans for business units which are incorporated within the annual business plan for the business unit and are reviewed quarterly. These operational risks are separate to risks identified within the Enterprise Risk Register and are specific to the business plan focus of the particular business unit;
- project (operational) specific risk and opportunity workshops which are completed post contract award, with the outcomes from these workshops maintained in a Project risk register. Project risk registers are reviewed during the monthly project review cycle by the business unit General Manager; and
- a Group wide comprehensive insurance program, which is reviewed annually.

The Decmil Internal Control system comprises:

- 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 Executive Management and of operational matters by Business Unit 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
- internal auditors undertaking specific internal audit work at the direction and following a schedule agreed by the Audit and Risk Committee.

The Group undertakes internal audit reviews using suitably qualified internal auditors. An annual audit schedule for the Group is developed at the commencement of each financial year as a component of the business planning process and is aligned to the Group risk management process and updates to the Enterprise Risk Register. The audit schedule is monitored by the Audit and Risk Committee with outcomes reported during quarterly reviews. 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 14001:2004) 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 are reviewed regularly.

The Board has determined that there is insufficient value in an external Board review process on an annual basis, but rather should be done as deemed required. An external Board review process was conducted in the 2014 financial year. The Board review process for the 2015 financial year was undertaken internally. The process consisted of robust discussions, facilitated by a third party, 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. Although a Board review was not conducted in 2016, an external Board review is planned for the 2017 financial year.

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 key executives is reviewed regularly against appropriate measures. Further, the performance of key executives is reviewed internally on an annual basis pursuant to a Group wide performance planning and 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 the key executive.

As noted above, performance evaluations for individual Directors and key executives were conducted during the reporting period in accordance with the above processes.

### Remuneration

It is Decmil'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 executive management and Executive Directors:

- display a balance between fixed and incentive pay which is tailored to the Company's short and long-term performance objectives;
- provide for a link between rewards and 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, superannuation, performance incentives and retirement benefits. The fixed component of each executive remuneration package is based on the core

performance requirements and expectations of the individual. The performance based component of each executive remuneration package must be clearly linked to specified performance targets. The payment of bonuses, equity based payments and other incentive payments are reviewed by the Remuneration Committee periodically as part of the review of executive remuneration.

The Remuneration Committee reviewed the executive packages by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies, and independent advice. The performance of executives is measured against predetermined criteria based on forecast growth of the company's activities, profits and shareholder value. The policy is designed to attract high calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee performance rights plan approved by shareholders.

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. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

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 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.

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. These values are enshrined in the Company's Code of Conduct which all officers and employees of the Group are required to comply with. 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 (ie 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, Decmil 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

The Group 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 Group's commitment to diversity is achieved year to year, by ensuring 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 are operating in.
- Continuing to incrementally grow the number of women performing senior roles.
- Continuing to assist Indigenous people to access employment opportunities in Decmil's operations.

The measureable objectives adopted by the Board in respect of developing gender diversity for the 2016 financial year are set out below:

1. Executive Leadership Team to ensure development and retention of female managers.
  - 100% retention of Female managers across the Group;
  - change in scope of roles to include diversification of tasks such as the Group HR Manager also overseeing Marketing; and
  - Development plans and KPI's 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's employees on parental leave.
  - Six females employees have taken primary parental leave across the Group;
  - The Group 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 maternity leave; and

- Employees on maternity leave are invited to corporate functions.
3. Success in Female career development through internal career promotion/ change and by providing training opportunities.
- Group made a number of female employee promotions/ positions changes due to career development and business requirements such as:
    - Human Resources Advisor to Senior Human Resources Advisor;
    - Jobpac Systems Manager to Finance & Administration Manager; and
    - The Marketing Manager position to cover all of Group.
  - Some examples of the training opportunities the Group has provided female employees are as follows:
    - Mobilisation & Travel Coordinator is completing a Cert IV in Business;
    - HR Advisor is completing Cert IV in Leadership Manager has completed a Diploma in Human Resources; and
    - Providing flexible work arrangements to Contracts Administrator Assistant in order for her to complete external university studies in Construction Management.

The table below shows gender participation across the Group as at the 30 April 2016 at all levels, in addition to executive and senior management:

	Female	Female %	Male	Male %
<b>Administration</b>	11	100%	0	0%
<b>Wages workforce</b>	0	0%	124	100%
<b>Supervisory/Professional</b>	5	9%	54	91%
<b>Senior Managers</b>	3	12%	22	88%
<b>Executive Leadership Team</b>	0	0%	3	100%
<b>Total</b>	<b>19</b>	<b>8%</b>	<b>203</b>	<b>92%</b>
<b>Board</b>	0	0%	4	100%

### 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 all 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 all of the Recommendations throughout the 2016 financial year. The Company's corporate governance policies can be found on the Company's website [www.decmil.com.au](http://www.decmil.com.au).