



CIMIC Group Limited
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4 February 2020

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2 Shenton Way
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Singapore 068804

CIMIC CORPORATE GOVERNANCE STATEMENT

Please find attached a copy of a media release issued by CIMIC Group Limited, parent company of CIMIC Finance (USA) Pty Ltd.

Yours faithfully
CIMIC GROUP LIMITED

Company Secretary

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

CIMIC Group Limited

ABN / ARBN:

57 004 482 982

Financial year ended:

31 December 2019

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website: www.cimic.com.au/en/our-group/governance/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 4 February 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 4 February 2020

Name of Director or Secretary authorising
lodgement: L Nikolopoulos, Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ in our Corporate Governance Statement and in our Board Charter, available on our website at: www.cimic.com.au/en/our-group/governance/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement and outlined in the notice of meeting OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement AND ☒ in our Board Charter, available on our website at: www.cimic.com.au/en/our-group/governance/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of our diversity policy or a summary of it: ☒ our Diversity & Inclusion Policy can be found at: www.cimic.com.au/en/our-group/governance/policies ... and the information referred to in paragraphs (c)(1) or (2): ☐ in our Corporate Governance Statement OR ☒ is contained in our 2018-2019 WGEA Report: www.cimic.com.au/diversity-and-inclusion	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ an explanation why that is so in our Corporate Governance Statement
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☒ in our Remuneration Report in the 2019 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD 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.	If the entity complies with paragraph (a): ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☒ the members of the Remuneration and Nomination Committee can also be found at: www.cimic.com.au/en/our-group/our-leaders/board the table of independent Directors can be found in the Corporate Governance Statement. ... and a copy of the charter of the committee: ☒ the Remuneration and Nomination Committee Charter can be found at: www.cimic.com.au/en/our-group/governance/corporate-governance ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ the members of the Remuneration and Nomination Committee can also be found at: www.cimic.com.au/en/our-group/our-leaders/board and the information referred to in paragraph (5) can be found in the Directors' Report of the 2019 Annual Report. ... the fact that we do not have a nomination committee and the processes we employ 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: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and, where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and the length of service of each director: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☒ in our Corporate Governance Statement OR ☒ the CIMIC Group Code of Conduct can be found at: www.cimic.com.au/en/our-group/governance/policies	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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.	If the entity complies with paragraph (a): ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☒ the members of the Audit and Risk Committee can also be found at www.cimic.com.au/en/our-group/our-leaders/board and the table of independent Directors can be found in the Corporate Governance Statement. ... and a copy of the charter of the committee: ☒ the Audit and Risk Committee Charter can be found at: www.cimic.com.au/en/our-group/governance/corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement OR ☒ the members of the Audit and Risk Committee can also be found at: www.cimic.com.au/en/our-group/our-leaders/board and their qualifications and experience and the information referred to in paragraph (5) can be found in the Directors' Report of the 2019 Annual Report. [If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	... the fact that we follow this recommendation: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement OR ☒ the CIMIC Market Disclosure and Communications Framework can be found at: www.cimic.com.au/en/our-group/governance/policies	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ information about CIMIC can be found at: www.cimic.com.au Information regarding governance at CIMIC can be found at: www.cimic.com.au/en/our-group/governance/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☒ the Group Policy for Shareholder Communications can be found at: www.cimic.com.au/en/our-group/governance/policies	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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.	If the entity complies with paragraph (a): ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☒ the members of the Audit and Risk Committee can also be found at: www.cimic.com.au/en/our-group/our-leaders/board and the table of independent Directors can be found in the Corporate Governance Statement. ... and a copy of the charter of the committee: ☒ the Audit and Risk Committee Charter can be found at: www.cimic.com.au/en/our-group/governance/corporate-governance ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement OR ☒ the members of the Audit and Risk Committee can also be found at: www.cimic.com.au/en/our-group/our-leaders/board and the information referred to in paragraph (5) can be found in the Directors' Report of the 2019 Annual Report. [If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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 (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
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 risk management and internal control processes.	If the entity complies with paragraph (a): ... how our internal audit function is structured and what role it performs: ☒ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement OR ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☐ in our Corporate Governance Statement OR ☒ the Operating and Financial Review section and the 2019 Sustainability Report of the 2019 Annual Report	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration 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 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.	If the entity complies with paragraph (a): ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☒ the members of the Remuneration and Nomination Committee can also be found at www.cimic.com.au/en/our-group/our-leaders/board and the table of independent Directors can be found in the Corporate Governance Statement. ... and a copy of the charter of the committee: ☒ the Remuneration and Nomination Committee Charter can be found at: www.cimic.com.au/en/our-group/governance/corporate-governance ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ the members of the Remuneration and Nomination Committee can also be found at: www.cimic.com.au/en/our-group/our-leaders/board and the information referred to in paragraph (5) can be found in the Directors' Report of the 2019 Annual Report. [If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☐ in our Corporate Governance Statement OR ☒ the Remuneration Report in the 2019 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement OR ☒ the Remuneration Report in the 2019 Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement



Corporate Governance Statement 2019



Corporate Governance Statement

As required by the ASX Listing Rules, this Corporate Governance Statement (Statement) discloses the extent to which CIMIC has followed the ASX Principles and Recommendations, 3rd Edition. Except where otherwise explained, CIMIC followed the ASX Principles and Recommendations during the period. This Statement should be read in conjunction with the material on our website (www.cimic.com.au), including the 2019 Annual Report.

This Statement is current as at 4 February 2020 and has been approved by the CIMIC Board.

BOARD AND MANAGEMENT

ROLE AND RESPONSIBILITIES

The Board is responsible to shareholders for the long-term performance of the CIMIC Group and for overseeing the implementation of appropriate corporate governance with respect to the Group's affairs.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available on our website at: www.cimic.com.au/en/our-group/governance/corporate-governance. The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees and to the CEO.

The Board delegates responsibility for the day-to-day management of CIMIC to the CEO but retains responsibility for the overall strategy and direction and risk profile of the Group. The CEO then delegates authority to the appropriate Senior Executives for specific activities and transactions. This authority is governed by a formal 'delegations of authority'.

APPOINTMENT, INDUCTION AND TRAINING

The Remuneration and Nomination Committee assists the Board with the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Remuneration and Nomination Committee will ensure that appropriate background checks are undertaken. We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the Notice of Meeting, the Directors' Resumes and other information contained in the 2019 Annual Report.

Upon appointment, each Director (and Senior Executive) receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

New Directors attend induction sessions where they are briefed on the Company's vision and principles, strategy, financials, and governance and the risk management framework. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge.

BOARD SKILLS AND EXPERIENCE

Our objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below. The areas of experience relate directly to CIMIC's operations.

Skills and experience	In industries and sectors including		In geographies including
- Workplace health and safety - Sustainability - Environmental performance - Remuneration and nominations - Government relations - Executive leadership - Tax governance - Financial knowledge and experience - Legal, governance and compliance - Strategy - Commercial acumen - Risk management - Engineering	Construction - roads - tunnelling - rail - building - health - defence - oil and gas - resources infrastructure Mining and mineral processing - development, extraction, processing and remediation - surface and underground mining	Services, operations and maintenance - resources - oil and gas - power - water - transport - defence Public Private Partnerships - social and economic infrastructure Engineering - transport - industrial and resources - building	- Australia - New Zealand - South-East Asia - East Asia - India - Africa - North America - Central and South America

PERFORMANCE REVIEWS

The Board is committed to formally evaluating its performance, the performance of its Committees and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

An internal Board assessment took place in April 2019. Individual interviews between the Chairman and each Director were conducted to give the Directors the opportunity to provide feedback on the effectiveness and performance of the Board and its Committees as part of the Company's ongoing corporate governance practices. Overall, the feedback in terms of Board effectiveness and performance was positive. Specifically:

- the directors noted a positive relationship between the Board and Management
- Directors appreciate the quality of the Board and Committee materials, indicating that the materials are of a high standard.

It was also noted that there were some opportunities identified to improve Board effectiveness.

INDEPENDENCE OF THE BOARD

The Board assesses the independence of Non-executive Directors upon appointment and reviews the assessment annually. When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the ASX Principles and Recommendations. The Board's assessment of the independence of each current and former Director during the 2019 Financial Year is set out below.

Name	Status	Appointment date	Committee membership
Current			
Russell Chenu	Independent	11 June 2014	▪ Audit & Risk (C) ▪ Remuneration & Nomination ▪ Ethics, Compliance & Sustainability
Marcelino Fernández Verdes	Executive Chairman	13 March 2014	-
Pedro López Jiménez	Non-independent	13 March 2014	▪ Remuneration & Nomination ▪ Ethics, Compliance & Sustainability
José-Luis del Valle Pérez	Non-independent	13 March 2014	▪ Remuneration & Nomination ▪ Ethics, Compliance & Sustainability
David Robinson	Non-independent	17 December 1990	▪ Ethics, Compliance & Sustainability
Peter-Wilhelm Sassenfeld	Non-independent	29 November 2011	▪ Audit & Risk
Kathryn Spargo ¹	Independent	20 September 2017	▪ Ethics, Compliance & Sustainability (C) ▪ Remuneration and Nomination (C) ▪ Audit and Risk
Michael Wright	Executive	01 December 2017	-
Former Director			
Trevor Gerber ²	Independent	11 June 2014 – 31 December 2019	▪ Remuneration & Nomination (C) ▪ Audit & Risk ▪ Ethics, Compliance & Sustainability

(C) Chair of Committee

1 Ms Spargo was appointed Chair of the Remuneration and Nomination Committee and Member of the Audit and Risk Committee on 31 December 2019.

2 Mr Gerber held all positions noted in the table up until his retirement effective 31 December 2019.

Following the retirement of Mr Gerber on 31 December 2019, Ms Spargo was appointed as chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

As at the date of this Statement, two of our eight Directors are independent. In addition to the Executive Chairman, four of our Directors are representatives of our majority shareholder, HOCHTIEF AG. Although the composition of our Board does not comply with Recommendation 2.4, we consider HOCHTIEF AG's representation on the Board to be fair and reasonable given its majority shareholding in the Company. We also consider that the current Board structure will allow it to act in the best interests of the Company and all shareholders.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Resumés section in our 2019 Annual Report.

EXECUTIVE CHAIRMAN

The Executive Chairman was appointed to the position on 11 June 2014 having been a Non-executive Director from October 2012 until March 2014 and CEO and Managing Director from 13 March 2014 until 18 October 2016. The Executive Chairman provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

Whilst we do not comply with Recommendation 2.5 by having an Executive Chairman who is not independent, the Board considers it appropriate given the significant majority shareholding by HOCHTIEF AG and that the Executive Chairman is also the Chairman of the Executive Board of HOCHTIEF AG.

Details regarding the Executive Chairman, including his experience and qualifications, are set out in the Directors' Report in our 2019 Annual Report.

COMPANY SECRETARIES

The Company Secretaries support the Board and its Committees on governance matters, Board and Committee meetings, directors' duties, and acting as an interface between the Board and Senior Executives. The Board and individual Directors have direct access to the Company Secretaries.

Under CIMIC's governance framework, the Company Secretary is accountable to the Board, through the Executive Chairman, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding CIMIC's Company Secretaries, including their experience and qualifications, is set out in the Directors' Report in our 2019 Annual Report.

SENIOR EXECUTIVES

CIMIC's Senior Executives are appointed by the CEO and the Executive Chairman and their Key Performance Indicators (KPI) contain specific financial and non-financial objectives. These KPIs are reviewed annually by the CEO and the Executive Chairman, and in the case of Senior Executives who are also Key Management Personnel, are noted by the Remuneration and Nomination Committee. The performance of the CIMIC Senior Executives against these objectives is evaluated annually. This year's performance evaluations are described in more detail in the Remuneration Report in our 2019 Annual Report.

REMUNERATION

Information regarding our remuneration framework for our Directors and Senior Executives is set out in the Remuneration Report in our 2018 Annual Report. The CIMIC Group's Securities Trading Policy prohibits Senior Executives from entering into hedging arrangements regarding their equity-based remuneration.

BOARD COMMITTEES

At the date of this Statement, the Board has three Committees which are the:

- Audit and Risk Committee;
- Remuneration and Nomination Committee; and
- Ethics, Compliance and Sustainability Committee.

The membership of each Committee is provided on page two and on our website at: www.cimic.com.au/en/our-group/our-leaders/board. Each Committee is chaired by an independent director.

As at the date of this Statement, two of the four members of our Remuneration and Nomination Committee are independent. Whilst we do not comply with Recommendations 2.1(a)(1) and 8.1(a)(1), the Company considers that the Remuneration and Nomination Committee functions effectively with its current composition and ensures independent decision-making through the exercise of a casting vote, in the event of a deadlock, by the independent Chairman.

Each Committee has adopted a formal, Board-approved Charter that details its role, authority, responsibilities, membership and operations. The Committee Charters are reviewed regularly and are available on our website at: www.cimic.com.au/en/our-group/governance/corporate-governance.

A Director may attend any Committee meeting unless precluded due to a potential conflict of interest. Furthermore, each Committee regularly reports to the Board on matters relevant to the Committee's role and responsibilities, and the minutes of each Committee meeting are made available to each Director unless that Director is otherwise precluded due to a potential conflict of interest. Board Sub-Committees are formed as required to give guidance and provide oversight concerning specific matters to the Board.

Details of the number of Board and Committee meetings held during the 2019 Financial Year and the attendance by Directors are set out in the Directors' Report in our 2019 Annual Report.

CORPORATE REPORTING AND RISK MANAGEMENT

CEO AND CFO DECLARATION

The CEO and CFO provide an annual declaration to the Board prior to the Board's approval of the Company's 2019 Financial Year results. This process was followed for the 2019 Financial Year results, where the CEO and CFO provided a declaration to the Board that, in their opinion,

- the financial records have been properly maintained;
- 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 their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

On this basis, the 2019 Financial Year results were approved by the Board. Although we do not comply with Recommendation 4.2 by receiving a formal declaration from the CEO and CFO for the half year or quarterly results, the Board is satisfied that appropriate processes are in place to provide assurance to the Board regarding the integrity of the financial statements it releases to the market and the effectiveness of the Group's risk management systems on an ongoing basis.

EXTERNAL AUDITOR

Our external auditor, Deloitte, was appointed following our 2012 AGM. Deloitte is invited to all Audit and Risk Committee meetings and all Audit and Risk Committee papers are made available to Deloitte. Deloitte representatives are also available to all Audit and Risk Committee members.

Deloitte attends our AGM and a representative is available to answer questions from shareholders relevant to the audit at the AGM. Deloitte's independence declaration is contained in the Directors' Report in our 2019 Annual Report.

Deloitte is required to confirm its independence and compliance with specified independence standards to the satisfaction of the Board. The External Auditor Independence Charter sets out the criteria to assist the Audit and Risk Committee, the Board and our shareholders to be satisfied that Deloitte is independent at all times. The Charter also sets out the circumstances in which Deloitte can perform certain services and the procedures to be followed to obtain approval for those services where they are permitted.

The External Auditor Independence Charter is available on our website at: www.cimic.com.au/en/our-group/governance/corporate-governance.

INTERNAL AUDIT

The Internal Audit function provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance, along with recommendations to improve the efficiency and effectiveness of these systems and processes.

The head of Internal Audit reports to the CEO under a mandate approved by the Audit and Risk Committee and has full access to all functions, records, property and personnel of the Group. The head of Internal Audit has direct access to the Chairman of the Audit and Risk Committee and Chair of the Board and provides the Committee with information relevant to assisting the Committee with discharging its roles and responsibilities.

RISK MANAGEMENT

We define risk management as the identification, assessment and treatment of risks that have the potential to materially impact our operations, people, and reputation, the environment and communities in which we work, and the financial prospects of the Group.

The CIMIC Group Risk Framework is based on International Standard ISO 31000:2009 Risk management – principles and guidelines and forms the basis for CIMIC's risk management activities. Our approach to risk is governed by the CIMIC Group Risk Management Policy with which our Operating Companies are required to comply.

The Audit and Risk Committee assists the Board in fulfilling its governance and oversight responsibilities in relation to financial statements, financial controls and enterprise risk.

Under its Charter, the Audit and Risk Committee is required to review the Group Risk Framework at least annually. A formal review was completed in 2019 and considered by the Audit and Risk Committee in early 2020. In addition, throughout 2019, the Audit and Risk Committee regularly assessed risk management performance through the monitoring of key business risks and review of quarterly risk reports.

Our key economic, environmental and social sustainability risks, together with our approach to managing those risks, is outlined in both the Sustainability Report and the Operating and Financial Review sections of our 2019 Annual Report.

RESPONSIBLE AND ETHICAL BEHAVIOUR

CODE OF CONDUCT

The Code of Conduct (Code) outlines the standards of behaviour required from all Directors, Senior Executives and employees of CIMIC Group, regardless of role or location, and provides a framework to guide a person's decisions and actions. The Code promotes an organisational culture that enables our people to respond appropriately in a variety of situations and to be accountable for their decisions. It is a requirement for all employees to receive regular training in respect of the Code. The Code is available on our website at: www.cimic.com.au/en/our-group/governance/policies.

WHISTLEBLOWER POLICY

A standalone Whistleblower Policy was created during FY19 in compliance with changes to the Corporations Act concerning laws protecting whistleblowers. The Policy manages whistleblower disclosures and provides clarity around how the Group supports and protects whistleblowers when a disclosure is made. An awareness and education program has been rolled out to ensure all employees are informed of the changes and to ensure that all supervisors understand their obligations under the Whistleblower Policy. The Whistleblower Policy is available on our website at: www.cimic.com.au/en/our-group/governance/policies.

CONTINUOUS DISCLOSURE

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules.

In order to comply with these obligations, the Board has adopted a Market Disclosure and Communications Framework, which is available on our website at: www.cimic.com.au/en/our-group/governance/policies.

We also have a Continuous Disclosure Committee which meets regularly and has specific responsibilities regarding the disclosure of information concerning CIMIC that a reasonable person would expect to have a material effect on the price or value of CIMIC's securities (unless the matter is reserved to the Board for its consideration).

DIVERSITY & INCLUSION

The CIMIC Group is committed to cultivating an inclusive workplace of fairness and equity which fosters the unique skills and talent of our people. The Group strongly supports diversity in all forms and recognises that:

- diverse and inclusive teams promote innovation, performance and productivity;
- these advantages are strongest when our workforces reflect the diverse communities in which we work; and
- these diverse communities provide a valuable source of talent.

The CIMIC Group's commitment to Diversity and Social Inclusion (D&SI) is set out in our policy and in our Code which can be viewed on our website at: www.cimic.com.au/en/our-group/governance/policies.

We have prioritised five strategic objectives to ensure we leverage the diverse contributions of our people.

1. Gender Equality	Promote equal opportunity for women in the CIMIC Group including remuneration, attraction, retention and promotion
2. Indigenous Australia	Value and recognise Indigenous nations, peoples and cultures and create equitable opportunity for participation in employment and business supply chains
3. National Inclusion	Invest in local employment, leadership development and succession planning to ensure the future of work is reflective of the communities in which we operate
4. Workplace Culture	Embed and progress a socially inclusive workplace through the elimination of discrimination, bias, harassment and violence in the workplace
5. Accountable	Lead and advocate for a diverse and inclusive culture with a focus on leadership to set expectations, drive and be accountable for progress

These five strategic objectives form the basis of CIMIC's D&SI strategy and progress against these objectives are reported to the CIMIC Board. CIMIC does not publish measurable objectives, and as such we do not comply with Recommendation 1.5 in its entirety. Our D&I initiatives and achievements are further discussed in the Sustainability Report section of the 2019 Annual Report.

RESPECTING THE RIGHTS OF SHAREHOLDERS

CIMIC endeavours to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, CIMIC aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and to meet its obligations under the ASX's continuous disclosure regime.

CIMIC has an investor relations program which includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- webcasting or making available on CIMIC's website, audio recordings and/or transcripts of important shareholder events such as the AGM and CEO presentations;
- sending and receiving shareholder communications electronically, both from CIMIC and our share registry;
- maintaining the board, corporate governance, investors and news and media sections on the CIMIC website, including posting all announcements after they have been disclosed to the market;
- engaging in a program of scheduled interactions with institutional investors, sell-side and buy-side analysts, shareholder associations and proxy advisers;
- promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM including encouraging shareholders to send their questions to the Company prior to the AGM and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Our Group Policy for Shareholder Communications is available on our website at: www.cimic.com.au/en/our-group/governance/policies.