



Watpac Limited Board Charter

DATE: July 2017

Position	Name	Signature	Date Signed
Chair of Board	Dick McGruther	Dick McGruther	20 July 2017
Managing Director	Martin Monro	Martin Monro	20 July 2017
Company Secretary	Mark Baker	Mark Baker	20 July 2017

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1. General

- 1.1 If decided by the Board this Charter will be made available on Watpac's website in a clearly marked corporate governance section.
- 1.2 Watpac's corporate governance framework has been formulated in light of the principles and recommendations released by the Australian Securities Exchange Corporate Governance Council, 3rd edition (**Principles and Recommendations**).
- 1.3 Watpac's framework may deviate from the Principles and Recommendations, however this will only be where in the Board's opinion, strict compliance with the Principles and Recommendations is not appropriate given Watpac's particular circumstances.
- 1.4 The Board, by majority view, may at any time therefore determine that it is necessary for the company to deviate from the requirements of Principles and Recommendations. In such cases, appropriate explanations for non-compliance will be reported as required under the ASX Listing Rules. Consistent with Watpac's approach to sound corporate governance, opportunities for improvement are regularly considered.
- 1.5 The Board has adopted this Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws. The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can create shareholder value and engender confidence in the investment market.
- 1.6 The Directors are responsible to shareholders for the performance of Watpac and their focus is to enhance the interests of shareholders and other key stakeholders and to ensure Watpac is properly managed.

2. Purpose

2.1 This Charter will provide for:

- a) the principal functions and responsibilities of the Board (including the role of the Chair);
- b) the relationship and interaction between the Board, Board committees and management; and
- c) the functions delegated to management and the role of individual Directors.

3. Board composition

3.1 The size of the Board will be determined in accordance with Watpac's Constitution.

3.2 The Board will comprise a majority of Directors whom ordinarily reside in Australia. It is intended that the Board should comprise:

- a majority of Non-executive Directors; and
- Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

3.3 Membership of the Board currently comprises:

Name	Position
R McGruther OBE	Chair, Non-executive Director
M Monro	Managing Director
J Beerlandt	Non-executive Director
G Dixon	Non-executive Director
L Evans	Non-executive Director
B Morris	Non-executive Director
C Schreurs	Non-executive Director
P Watson	Non-executive Director
G Aelbrecht	Non-Executive Alternate Director for Johan Beerlandt

3.4 Directors are subject to retirement by rotation and election by shareholders at a general meeting. No Director may remain on the Board for more than three years without re election pursuant to Listing Rule 14.4.

3.5 Where a Director is appointed during the year that Director will hold office until the next Annual General Meeting and then be eligible for re election.

3.6 When considering Board vacancies and reviewing board composition, Directors take into account the candidate's capacity to enhance the mix of skills and experience of the Board and to contribute to the ongoing development of Watpac.

3.7 Board composition should be guided by the principle of balancing novel and diverse viewpoints with the contribution of Directors who have been able to develop deep insight into the company and its operations.

3.8 The Board must:

- a) refer the matter of any proposed appointment or re-election of any Directors to the Board to the Nomination Committee; and
- b) consider any recommendations of the Nomination Committee regarding the proposed appointment or re-election of any Directors to the Board.

- 3.9 When assessing a new Director nomination, the Board will undertake appropriate checks before appointing a person as a Director or putting them forward as a candidate for election.
- 3.10 A written agreement is to be put in place with each new Non-executive Director setting out the terms of their appointment, which is to include a requirement to notify the Company Secretary of any changes to their shareholding in Watpac.

4. Board's role and responsibilities

- 4.1 The Board is committed to maximising performance and generating appropriate levels of shareholder value and financial return.
- 4.2 The general responsibilities of the Board are:
- a) protection and enhancement of company performance and shareholder value in accordance with any duties and obligations imposed on the Board by law and the Constitution of Watpac;
 - b) review and approval of the objectives and strategic direction of Watpac developed with the Managing Director and the Group Senior Executive Team;
 - c) establishing specialised committees where appropriate to assist in carrying out its responsibilities;
 - d) ensuring integrity in financial reporting and monitoring the financial performance of Watpac by reviewing and approving budgets and monitoring results;
 - e) approving the appointment, reappointment, termination and compensation of the external auditor upon recommendation of the Audit and Risk Committee;
 - f) the approval of Directors' Reports, Financial Statements, the Corporate Governance Statement, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
 - g) approving all significant business transactions including acquisitions, divestments and capital expenditure and ensuring proper capital management, including approving dividend payments;
 - h) with the guidance of the Audit and Risk Committee ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained, and reviewing Watpac's risk management framework at least annually to satisfy itself that this continues to be sound;
 - i) the review of performance and remuneration of Directors and staff, with the guidance of the Remuneration Committee;
 - j) ensuring there is an effective corporate governance structure and practice in place;
 - k) monitoring Board composition and performance with the guidance of the Nomination Committee, and overseeing the Board succession planning process;
 - l) monitoring systems of legal compliance and ensuring that Watpac Policies are adhered to by the Managing Director, Group Senior Executive Team and all employees of Watpac;
 - m) where required by any Watpac Policy, reviewing and approving any change to those Watpac Policies;
 - n) ensuring that other appropriate policies, practices and procedures are in place to promote compliance with applicable laws;
 - o) maintaining professional and ethical conduct at all times by establishing a code of conduct for Directors;
 - p) promoting ethical and responsible decision making of the Managing Director, the Group Senior Executive Team and all other employees of Watpac;

- q) ensuring the Group makes timely and balanced disclosure according to the Continuous Disclosure Policy;
- r) monitoring and ensuring the shareholders are informed of the Group's performance and major developments;
- s) performing other functions as are prescribed by the Constitution of the Company, the Corporations Act (2001) and applicable laws and regulations; and
- t) developing and reviewing the Company's values and corporate governance policies (including in respect of diversity and the measurable objectives for achieving diversity) and monitoring corporate culture, setting the tone from the top.

4.3 Directors are also required to:

- act at all times with honesty and integrity and observe the highest standards of ethical behaviour;
- undertake that no decision is made or action implemented that has the effect of prioritising their personal interests over Watpac's interests; and
- to participate in all induction and orientation programs and any continuing education or training arranged for them.

5. Board committees

- 5.1 The Board has established the following standing committees to assist it in discharging its responsibilities including the responsibilities set out in Section 4.2 of this Charter.
- 5.2 The Board has established the following standing committees:
- a) Audit and Risk Committee;
 - b) Nomination Committee; and
 - c) Remuneration Committee.
- 5.3 The Board adopts a formal charter for each standing committee setting out the matters relevant to the composition, responsibilities and administration of the committee.
- 5.4 In addition to the standing committees, the Board may establish any ad-hoc committee from time to time to consider matters of special importance or exercise the delegated authority of the Board.

6. Board processes

- 6.1 The Board decides upon and schedules the number of meetings required per year. In addition, the Board meets whenever necessary to deal with specific matters needing attention between the scheduled meetings.
- 6.2 The agenda for meetings is prepared by the Company Secretary in conjunction with the Chair, with input from the Board. Board papers are distributed to Directors in advance of scheduled meetings.
- 6.3 Meetings may be attended by Directors via teleconference or videoconference, or by any other means compliant with the Constitution.
- 6.4 Board meetings must be conducted in accordance with the rules and regulations embodied in the Constitution.

7. Chair and deputy chair

- 7.1 The Board will appoint one of its members to be the Chair in accordance with Watpac's Constitution.
- 7.2 The Chair is not to exercise the role of Managing Director of Watpac and is not to have previously held the position of Managing Director of Watpac.
- 7.3 The Chair is responsible for:
- a) ensuring the Board shows leadership in setting, reviewing and achieving the vision and strategy of Watpac;
 - b) facilitating the efficient organisation and conduct of the Board's functioning;
 - c) promoting respectful and positive conduct between Directors and between the Board and the Managing Director; and
 - d) where provided the delegated authority by a majority of the Board, representing the Board to shareholders and communicating the Board's position.
- 7.4 The Board may also appoint one of its members to be the Deputy Chair in accordance with the Constitution.
- 7.5 The Deputy Chair's role will be in name only. The Deputy Chair has no additional rights or obligations above any other Director.
- 7.6 Should the Chair be absent or unavailable, the Board will elect a temporary Chair for the purposes of the matter being considered, in accordance with the Constitution. The temporary Chair will not necessarily be the Deputy Chair, however he/she will be entitled to act in this capacity if so elected by the Board.

8. Company secretary

- 8.1 The Board will appoint at least one Company Secretary. The appointment and removal of a Company Secretary will be subject to Board approval.
- 8.2 The Company Secretary is generally responsible for:
- a) the co-ordination of all Board business, including agendas, minutes, board papers;
 - b) communication with the ASX and regulatory bodies (including ASIC), subject to any restrictions in the Continuous Disclosure Policy;
 - c) all legislative and other filings of Watpac; and
 - d) where required by any Watpac Policy, reviewing and recommending any changes to those Watpac Policies.
- 8.3 The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board.
- 8.4 All Directors will have direct access to the Company Secretary.

9. Managing Director and group senior executive team

- 9.1 While the Board retains ultimate responsibility for the strategy and performance of Watpac, the Board delegates responsibility for the day-to-day operations and administration of Watpac to the Managing Director. This delegated authority of the Managing Director is documented in various Group policy documents and the Schedule of Delegated Authority, and includes (but is not limited to):
- a) developing and recommending to the Board strategies, business plans and policies for Watpac and its subsidiary companies;
 - b) the ongoing management of Watpac in accordance with Board approved strategies and policies;
 - c) negotiating terms and conditions of Senior Executive appointments for Board approval;
 - d) ensuring a safe workplace;
 - e) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance;
 - f) monitoring the financial performance and financial position of Watpac;
 - g) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
 - h) the identification of significant business risks and ensuring that such risks are adequately managed;
 - i) ensuring integrity in financial reporting;
 - j) ensuring that Watpac Policies are adhered to by the Group Senior Executive Team and all employees of Watpac;
 - k) ensuring that other appropriate policies, practices and procedures are in place to ensure compliance with applicable laws;
 - l) promoting ethical and responsible decision making of the Group Senior Executive Team and all other employees of Watpac;
 - m) presenting regular reports to the Watpac Board detailing operational reviews, management accounts, financial statements (audited and unaudited) status reports, marketing and public relations and general finance; and
 - n) acting within authority delegated by the Board.
- 9.2 Of all Directors, the Chair will have the most frequent communication with the Managing Director and will be the Managing Director's primary point of contact with the Board. Notwithstanding, all Directors have the right to request additional information from and be provided access to the Managing Director in discharging their Directors' duties.
- 9.3 While maintaining overall accountability, the Managing Director may delegate all or part of these responsibilities to members of the Group Senior Executive Team. All such delegations forming part of the Schedule of Delegated Authorities must be approved by the Audit and Risk Committee.
- 9.4 Membership of the Group Senior Executive Team currently comprises:

Name	Position
N Sacley	General Manager Construction
D Brockhurst	State Manager Qld & NT Construction
J Koerner	State Manager NSW & ACT Construction
N Pavlovic	State Manager Vic Construction
T Tape	State Manager SA Construction
R Hall	General Manager Mining and WA Civil
A Liebke	Group Human Resources Manager
C Woolnough	Commercial Manager Construction
M Baker	Chief Financial Officer and Company Secretary

The composition of the Group Senior Executive Team is determined by the Managing Director.

- 9.5 In addition to communication with the Managing Director and members of the Group Senior Executive Team, the Board is encouraged to have direct communication with other employees of Watpac to better facilitate them carrying out their duties as Directors.
- 9.6 As delegated by the Board and the Managing Director, members of the Group Senior Executive Team must:
- a) exercise their duties and perform their obligations as delegated or assigned to him or her by the Board using their best endeavours;
 - b) comply with all reasonable directions given by the Board in relation to their assigned responsibilities;
 - c) devote appropriate time and attention to the business of Watpac in order to achieve key performance targets and other objectives;
 - d) in accordance with their specific role, manage the business of Watpac including implementing strategic plans;
 - e) perform any obligations set out in any services agreement entered into by a member of the Group Senior Executive Team and Watpac;
 - f) ensure the business of Watpac is conducted in accordance with Watpac Policies and other practices, procedures and directions adopted by the Board;
 - g) formulate strategies to promote the financial performance of Watpac; and
 - h) communicate to the Board any issues affecting Watpac and its performance, including relevant corporate governance issues.
- 9.7 The Managing Director is responsible for ensuring the Group Senior Executive Team carry out their responsibilities and comply with all Watpac Policies.

9.8 The Managing Director is accountable to the Board for matters within his / her delegated authority.

10. Independence of Board members

- 10.1 The Board regularly assesses the independence of each of the Directors based on the interests and associations disclosed by them, in line with the ASX best practice guidelines on independence (including the Principles and Recommendations).
- 10.2 In assessing Director independence, the Board acknowledges that the considerations included in the Principles and Recommendations are guidelines only and the assessment should be made with regard to all facts and circumstances relevant to Watpac existing at the time of determination.
- 10.3 The Board does not believe that it should establish an arbitrary limit on tenure, rather this is just one of many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

11. Board effectiveness

11.1 Director protection

The Directors are indemnified under Deeds of Access, Indemnity and Insurance against liability in the fulfilment of their duties. Watpac also carries a Directors and Officers insurance policy.

11.2 External advice

A Director has the right to seek independent professional advice in relation to his/her duties and responsibilities at Watpac's expense, provided that, before the advice is obtained, the Director discusses the requirement for the advice with the Chair of the Board, who will determine whether the advice is in the interests of the Company. Any advice so received may be made available to all other Directors.

Where the Chair wishes to seek independent advice relating to a matter where another member (or members) of the Board has (have) a material personal interest, he/she may obtain that advice and may make it available to all other Directors, excluding those who are deemed to be conflicted. Should a Director dispute the Chair's assessment that he/she is conflicted, he/she can direct the Chair to seek independent legal advice on the matter.

11.3 Induction and education

The Board must ensure each Director is provided with the appropriate induction material and education to allow the Director to participate fully and actively in Board decision-making at the earliest opportunity.

The Board has delegated to the Nomination Committee the responsibility to review and make recommendations to the Board in relation to Directors' training and development opportunities.

11.4 Board performance

The Board will undertake an ongoing assessment and review of the performance of the Board, the standing committees and individual Directors annually.

The Board has delegated this function to the Nomination Committee. The Board must consider the recommendations made by the Nomination Committee.

12. Remuneration of non-executive directors

The Listing Rules state that the maximum aggregate remuneration for non executive Directors must be fixed and can be varied only at a general meeting. The Board must ensure Watpac complies with this requirement.

The Board has delegated to the Remuneration Committee the obligation to advise the Board on matters of remuneration. When considering the recommendations of the Remuneration Committee in relation to Directors' remuneration, consideration must be given to the duties of the Board and the Company's financial performance and position.

13. Watpac policies and charters

In addition to this Charter, the following policies have been developed:

- a) Code of Conduct for Directors;
- b) Material Personal Interest Policy;
- c) Continuous Disclosure Policy;
- d) Securities Trading Policy;
- e) Audit and Risk Committee Charter;
- f) Remuneration Committee Charter;
- g) Nomination Committee Charter; and
- h) Directors' Guide

(collectively, the Watpac Policies).

All Watpac Policies are equal in importance and should therefore be considered by the Board at all times.

14. Review

The Board must review this Charter and recommend any changes on an annual basis. Any changes to this Charter, except changes of an administrative nature, must be approved by the Board.

15. Definitions

In this Charter, the following terms have the corresponding meaning:

Audit and Risk Committee means the Audit and Risk Committee established and approved by the Board.

ASIC means the Australian Securities and Investment Commission.

ASX means the ASX Limited ABN 98 008 624 691.

Board means the board of directors of Watpac.

Charter means this Board Charter as adopted by the Board.

Constitution means the Constitution of Watpac Limited.

Director means a person who is appointed to the position of a director of Watpac Limited; or is appointed to the position of an alternate director, and is acting in that capacity, regardless of the name that is given to their position.

Executive Director means an employee that discharges his or her executive functions in the management and administration of the company and is a Director.

Group Senior Executive Team means the group managed by the Managing Director and comprising the Chief Financial Officer and Company Secretary, Commercial Manager Construction, General Manager (Construction), General Manager (Mining & WA Civil), Group Human Resources Manager, State Manager (Victoria Construction), General Manager (Specialty Services), State Manager (Queensland and NT Construction), State Manager (SA Construction) and the State Manager (NSW and ACT Construction).

Listing Rules mean the Listing Rules published by the ASX.

Non-executive Director means a Director who is not an Executive Director.

Watpac means Watpac Limited ABN 98 010 562 562.

Watpac Policies means those corporate governance policies and charters specified at Section 13 of this Charter.

16. Helpline

If you have any questions about this Board Charter, you should contact the Company Secretary (Telephone 07 3251 6442).