



# **Watpac Limited Nomination Committee Charter**

**DATE: November 2017**

| <b>Position</b>                             | <b>Name</b>  | <b>Signature</b> | <b>Date Signed</b> |
|---|--------------|------------------|--------------------|
| Chair of Board                              | Peter Watson | Peter Watson     | 29/11/17           |
| Managing Director                           | Martin Monro | Martin Monro     | 29/11/17           |
| Chief Financial Officer / Company Secretary | Mark Baker   | Mark Baker       | 29/11/17           |

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## **1. General**

- 1.1 The role of the Committee is to support and advise the Board in exercising its authority in relation to the matters set out in this Charter. The Committee is accountable to the Board for its performance.
- 1.2 The purpose of all Committee work is derived from the Board's responsibility to shareholders to ensure that the Board, Managing Director and Group Senior Executive Team includes individuals who are best able to discharge the responsibilities of Directors, having regard to the law and the highest standards of governance.
- 1.3 The Board has defined the Committee's purpose as assisting the Board in its oversight of:
- (a) the identification of suitable candidates for appointment to:
    - i. the Board;
    - ii. the role of Managing Director; and
    - iii. the Group Senior Executive Team (as appropriate following consultation with the Managing Director);
  - (b) the plan for succession of the Managing Director and periodic evaluation of it;
  - (c) the assessment of the performance of individual Directors and the endorsement of retiring Directors seeking election;
  - (d) assisting the Board to develop 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;
  - (e) undertaking appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director;
  - (f) monitoring the length of service of current Board members, considering succession planning issues and identifying the likely order of retirement by rotation of non-executive Directors;
  - (g) assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies (including formal training, where appropriate); and
  - (h) reviewing any Annual Report disclosures relevant to the functions of the Nomination Committee, including any statement detailing the Committee's activities and the process used for appointments.
- 1.4 Any person may be invited to attend meetings of the Committee, but not necessarily for the full duration of the meeting. The Committee Chair may invite the Managing Director to attend for all or any part of the meeting, as and when the Committee Chair considers it appropriate.
- 1.5 This Charter records how the Committee will undertake its work.
- 1.6 Many of the principles and procedures recorded in the Charter are expressed in a flexible and non-exhaustive manner. The Board and Committee believe that, having regard to the time and resources available to the Committee, it is appropriate and necessary to adopt such an approach to respond to changing business circumstances and the needs of shareholders and external regulatory developments.

**2. Membership**

- 2.1 The Committee will be appointed by the Board and, where possible, comprise of:
- (a) only non-executive Directors (including their alternates); and
  - (b) at least three members.
- 2.2 A standing invitation is issued to all non-executive Directors who are not members of the Committee to attend meetings.
- 2.3 The Committee Chair may also invite such other parties to attend meetings as deemed appropriate, including the Managing Director and the Chief Financial Officer.
- 2.4 Members will be proposed by the Chair and approved by the Board. Membership shall be reviewed every three years or earlier if circumstances dictate.
- 2.5 The Committee may invite such other parties to attend meetings as deemed appropriate.
- 2.6 The Committee may take such independent advice as it considers necessary.

### **3. The identification of suitable candidates for appointment to the Board**

- 3.1 The Committee shall periodically assess the overall skills and experience required to competently discharge the Board's duties, having regard to the strategic direction of Watpac and the diversity aspirations of the Board, and report the outcome of that assessment to the Board.
- 3.2 The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing non-executive Director retires, assess the collective skills and experience of the non-executive Directors represented on the Board and determine whether the Board, as a whole, has the skills and experience required to competently discharge its duties.
- 3.3 Having regard to the skills, diversity and experience required and the skills, diversity and experience represented on the Board, the Committee shall implement a process for the identification of suitable candidates for appointment to the Board.
- 3.4 In determining the process for the identification of suitable candidates for appointment to the Board, the Committee will ordinarily ensure that:
- (a) its gender and geography diversity aspirations for the Board are taken into account by considering a broad range of candidates;
  - (b) a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee which identifies the skills sought;
  - (c) the candidate has the capability and capacity to devote the necessary time and commitment to the role;
  - (d) the Chair should be an independent director; and
  - (e) the roles of Chair and Managing Director should not be exercised by the same person at the same time.
- 3.5 The Committee shall make recommendations to the Board on candidates it considers appropriate for appointment.

**4. The plan for the succession of the Chair and Managing Director**

- 4.1 The Chair succession planning and process is the responsibility of the Board who will make all decisions on Chair succession, including the final decision. The role of the Committee is to support the Board in its decision making by undertaking tasks or activities, at the request of the Board. The Committee will have no decision making role in this regard.
- 4.2 The Committee will oversee and periodically evaluate the plan for the succession of the Managing Director and make recommendations to the Board in relation to that plan.

**5. Induction of new Directors**

- 5.1 New Directors appointed to the Board will undertake an induction process (including being given a Director's induction pack outlining key requirements and documents the new Director will require).

**6. Board Committee meeting procedures**

- 6.1 The Committee Chair shall be elected by the Board.
- 6.2 The Company Secretary shall be the Secretary of the Committee.
- 6.3 Proceedings and meetings of the Committee will be governed by the provisions of the Constitution for regulating meetings and proceedings of the Board, in so far as they are applicable and not inconsistent with these terms of reference.
- 6.4 In carrying out all of its functions, the Committee will have due regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with a view to ensuring that Watpac seeks to adhere to the highest standards of corporate governance.
- 6.5 The Committee is authorised by the Board to investigate any activity within the authority delegated to it. The Committee is a non-executive committee and is tasked with recommending to the Board appropriate actions emanating from its investigations.
- 6.6 The Committee Chair will report to the Board, the results of its reviews and make recommendations on specific actions or decisions the Board should consider including the adequacy of, and any changes to, these terms of reference.
- 6.7 The Committee shall meet as frequently as required but not less than two times a year.
- 6.8 Any Committee member or the Secretary may call a meeting of the Committee or may request a member to call a meeting.
- 6.9 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- 6.10 The Committee may appoint and instruct expert advisers who will be advisers solely to the Committee. Advisers shall not receive a standing invitation to attend meetings. The Committee may meet with external advisers without management being present.
- 6.11 Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes should be distributed to all Committee members. Minutes, agenda and supporting papers will be made available to any director upon request to the Secretary, providing no conflict of interest exists.
- 6.12 A quorum will comprise the number nearest to two thirds of the number of members of the Committee or their alternates. Each member shall have one vote. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number as Committee Chair for that meeting.
- 6.13 Resolutions will be validly passed by the Committee by majority vote of members in attendance at the time a resolution is considered.
- 6.14 The Committee will have available to it sufficient resources as determined by the Committee, to run effectively including funds to:
  - (a) remunerate independent advisory services of experts to assist it in carrying out its work under these terms of reference; and
  - (b) pay any administrative expenses of the Committee that are necessary or appropriate to assist it in carrying out its work under these terms of reference.
- 6.15 The Committee will determine the compensation payable to independent advisers and the Secretary will assist the Committee in securing the service determined necessary.

- 6.16 The Committee will assess its performance each year having regard to the principles and requirements of its terms of reference and the overall objective of the Committee's work.
- 6.17 The Committee will ensure that the results of assessments of its effectiveness and changes to its terms of reference are reported by the Board to shareholders.

**7. Review**

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

## 8. Definitions

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

**ASX** means the ASX Limited ABN 98 008 624 691.

**Board** means the board of directors of Watpac.

**Charter** means this Nomination Committee Charter as adopted by the Board.

**Chair** means the chair of the Board.

**Committee Chair** means the chair of the Committee.

**Committee** means the Nomination Committee established by the Board and governed by this Charter.

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

**Listing Rules** mean the Listing Rules published by the ASX.

**Watpac** means Watpac Limited ABN 98 010 562 562.

**9. Helpline**

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