



# Watpac Limited Board and Executive Committee Charter

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May 2019

<b>Position</b>	<b>Name</b>	<b>Signature</b>	<b>Date Signed</b>
Company Secretary	Mark Baker	Mark Baker	21 May 2019



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## **1. General**

- 1.1** 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 and Executive Committee Charter has been prepared and adopted on the basis that strong corporate governance can create shareholder value.
- 1.2** 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.
- 1.3** This Charter complements the Watpac Constitution and other applicable laws.

## 2. Purpose

**2.1** This Charter will provide for:

- a) the principal functions and responsibilities of the Board, the Managing Director and the Executive Committee;
- b) the relationship and interaction between the Board, the Executive Committee 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. The Corporations Act requires at least two directors of a public company to ordinarily reside in Australia.
- 3.2** 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.
- 3.3** A written agreement is to be put in place with each new Non-executive Director setting out the terms of their appointment.

## 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 Executive Committee;
- 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;
- f) the approval of Directors' Reports, Financial Statements, profit forecasts and other reports required at law 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) 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;
- j) ensuring there is an effective corporate governance structure and practice in place;
- k) monitoring systems of legal compliance and ensuring that Watpac Policies, BESIX Group policies and Group Rules are adhered to by the Managing Director, Executive Committee and all employees of Watpac;
- l) where required by any Watpac Policy, reviewing and approving any change to those Watpac Policies;
- m) ensuring that other appropriate policies, practices and procedures are in place to promote compliance with applicable laws;
- n) maintaining professional and ethical conduct at all times;
- o) promoting ethical and responsible decision making of the Managing Director, the Executive Committee and all other employees of Watpac;
- p) monitoring and ensuring that shareholders are informed of the Group's performance and major developments;
- q) performing other functions as are prescribed by the Constitution of the Company, the Corporations Act and applicable laws and regulations; and
- r) 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, all within the framework of the BESIX Group Code of Conduct, Group Rules and decisions made by BESIX Group in relation to Watpac.

**4.3** Directors are also required to:

- act at all times with honesty and integrity and observe the highest standards of ethical behaviour; and
- undertake that no decision is made or action implemented that has the effect of prioritising their personal interests over Watpac's or BESIX Group's interests.

**4.4** The Board may include Non-executive directors appointed from time to time by BESIX Group as Independent Directors, who then shall specifically contribute to the working of the Board by

- bringing their expertise and experience from outside Watpac; and
- challenging and advising the Board, the Managing Director and the Executive Committee in their proposals, deliberations and decision-making processes.

## 5. Board committees

The Board:

- a) has established an Executive Committee to assist the Board and the Managing Director in discharging their respective duties, including the responsibilities set out in Section 4 of this Charter; and
- b) 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 and the Managing Director, 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**

**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 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.

**7.3** 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.

## **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 regulatory bodies (including ASIC);
  - c) all legislative and other filings of Watpac;
  - d) where required by any Watpac Policy, reviewing and recommending any changes to those Watpac Policies; and
  - e) the communication and timely coordination with the BESIX Group Company Secretary and other delegated executives determined from time to time by BESIX Group in relation to BESIX Group's Group Rules and related decisions and reporting.
- 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 Executive Committee

**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) ensuring a safe workplace;
- d) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance;
- e) monitoring the financial performance and financial position of Watpac;
- f) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- g) the identification of significant business risks and ensuring that such risks are adequately managed;
- h) ensuring integrity in financial reporting;
- i) ensuring that Watpac Policies, BESIX Group policies and Group Rules are adhered to by the Executive Committee and all employees of Watpac;
- j) ensuring that other appropriate policies, practices and procedures are in place to ensure compliance with applicable laws;
- k) promoting ethical and responsible decision making of the Executive Committee and all other employees of Watpac;
- l) 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
- m) acting within authority delegated by the Board.

**9.2** While maintaining overall accountability to the Board, the Managing Director will be assisted by and work in close collaboration with the Executive Committee that he or she shall chair and which is composed as follows:

Position
Managing Director
Chief Operating Officer
Chief Financial Officer and Company Secretary

The composition of the Executive Committee is determined by the Board.

**9.3** As delegated by the Board and the Managing Director, members of the Executive Committee must in general:

- a) exercise their duties and perform their obligations as delegated or assigned to him or her using their best endeavours;
- b) comply with all reasonable directions 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 defined by the Board;
- e) ensure the business of Watpac is conducted in accordance with Watpac Policies;
- f) formulate strategies to promote the financial performance of Watpac; and
- g) communicate to the Board and the Managing Director any issues affecting Watpac and its performance, including relevant corporate governance issues.

**9.4** The Board has delegated specific power to the Executive Committee pursuant to Watpac's constitution in relation to:

- a) Senior Executive remuneration changes and contractual amendments not required to be recommended to the Board;
- b) the establishment of any new, and amendment of the terms of any existing, long term incentive plans for employees below senior executive level;
- c) oversight of the annual performance review of Senior Executives;
- d) oversight of the effectiveness of succession planning and talent management process for Senior Executives;
- e) setting and administering human resources and remuneration policies (where appropriate) within the overall remuneration policy approved by the Board;
- f) assessing achievements against the diversity objectives as set out in the Inclusion and Diversity Policy;
- g) setting up proposals and issue reporting, as appropriate or as may be required from time to time, to BESIX Group Executive & Strategy Committee and/or Remuneration and Nomination Committee as to Watpac's Senior Executive and staff;
- h) implementing the decisions made from time to time pursuant to BESIX Group Group Rules by the BESIX Group Executive & Strategy Committee and Remuneration & Nomination Committee as to Watpac Executive Committee, Senior Executives and staff; and
- i) within the framework under (a) to (h):
  - consider and agree to Watpac's remuneration strategy and policies including, but not limited to, policies with respect to total fixed remuneration, long term and short-term incentive plans, superannuation and other benefits;
  - review the ongoing appropriateness and relevance of the Watpac remuneration strategy and policies;
  - review and make recommendations on the broad level and nature of participation by employees in Watpac executive incentive plans;
  - determine short and long-term remuneration of employees, including performance targets applicable to any incentive schemes and the level and nature of participation in Watpac's STI and LTI plans;
  - perform the annual performance review;
  - recommend any changes to the overall Watpac group policy regarding remuneration;
  - oversee the establishment and implementation of appropriate human resources policies and specific remuneration policies for Watpac;
  - ensure remuneration packages across Watpac are equitable and reward talent and performance, and make recommendations as appropriate;
  - oversee the annual remuneration report and assess on an annual basis, the achievement against gender diversity objectives including representation of women at all levels of the organisation as stipulated in the Inclusion and Diversity Policy.

**9.5** The Board has delegated specific power to the Executive Committee pursuant to the Watpac Constitution in relation to:

- a) the integrity of financial statements;

- b) internal control systems and risk management;
- c) corporate governance controls generally (including oversight of Group Risk Management);
- d) the implementation of BESIX Group applicable decisions in the matters as referred to under (a) to (c); and
- e) within the framework under (a) to (d):
  - oversee the significant risks faced by the Company;
  - review significant accounting and reporting issues, including all litigation, claims, risks and/or causes of impairment and make recommendations as to the determination of the related contingencies, provisions and/or impairments;
  - review the Company's accounting policies and the application of these policies to complex or unusual transactions;
  - review decisions requiring significant judgements and estimates and make recommendations in this respect;
  - review recent professional and regulatory pronouncements, and understand their impact on the financial statements;
  - review compliance with taxation law(s) and review the accounting implications of Watpac's tax position;
  - review under generally accepted auditing standards, the results of the full year audit and half year review, the annual and interim financial statements, and consider whether they are complete, consistent with information known and reflect appropriate accounting principles;
  - review other sections of the annual and half year financial reports and related regulatory filings before their release and consider the accuracy and completeness of included information;
  - consider the effectiveness of the company's internal control systems, including information technology security and control and review the internal control structure so as to obtain reasonable assurance that assets are safeguarded, including against error and fraud, and that reliable financial records are maintained;
  - monitor the adequacy of resourcing of the Group Risk function and its independence from executive decision making and consider the adequacy and effectiveness of accounting and financial controls, including policies and procedures to assess, monitor and manage business risk, and conduct reviews of Occupational Health and Safety and Human Resources procedures and practise;
  - review and monitor reports required to assess and monitor the internal processes for determining and managing key risk areas, including
    - non-compliance with laws, regulations, standards and best practice guidelines;
    - judgments and accounting estimates;
    - contractual risk and indemnities;
    - litigation and claims;
    - insurance programs;
    - business continuity plans;
    - fraud and theft; and
    - any other incident involving the breakdown of Watpac's internal controls;
  - review the Company's risk management policy and framework, including management reporting and control systems used to monitor adherence to risk management policies;
  - review the adequacy and appropriateness of resourcing of the risk management function, monitor its standing in the organisation and the involvement of such function in executive decision making.

**9.6** The Managing Director is responsible for ensuring the Executive Committee carry out their responsibilities and comply with all Watpac Policies.

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

## **10. Board effectiveness**

### **10.1** Director protection

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

### **10.2** 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. 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; and
- c) Directors' Guide

(collectively, the Watpac Policies).

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

The Board is also required to comply with all applicable BESIX Group Rules, codes and associated policies.

## **12. 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.

## 13. Definitions

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

**ASIC** means the Australian Securities and Investment Commission.

**BESIX** means BESIX Group SA

**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.

**Executive Committee** means the group managed by the Managing Director and comprising the Chief Operating Officer and Chief Financial Officer and Company Secretary.

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

**Independent Director** means a Director who is not an employee of BESIX Group or Watpac.

**Watpac** means Watpac Limited ABN 98 010 562 562 and its subsidiaries.

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

## **14. Further assistance**

If you have any questions about this Board Charter, you should contact the Company Secretary (Telephone 07 3251 6446).