



# **Watpac Limited Code of Conduct for Directors**

DATE: February 2016

<b>Position</b>	<b>Name</b>	<b>Signature</b>	<b>Date Signed</b>
Chair of Board	Dick McGruther	Dick McGruther	18/02/16
Managing Director	Martin Monro	Martin Monro	18/02/16
Chief Financial Officer / Company Secretary	Mark Baker	Mark Baker	18/02/16

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**1. Purpose and application**

- 1.1 The purpose of this Code is to record the minimum standards of conduct required of all Directors of Watpac and to set out the key duties imposed on directors under the Corporations Act and the general law.
- 1.2 The Code includes guidelines on the application of the core standards expressed in it. These guidelines are intended to assist the Directors in complying with these standards.
- 1.3 The Code does not purport to be an exhaustive statement of the various key duties, and the Board may approve updates or amendments to the Code from time to time.

## 2. Overview of duties

- 2.1 **Good faith:** Each Director must act honestly, in good faith and in the best interest of Watpac as a whole.
- 2.2 **Care and diligence:** Each Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- 2.3 **Proper purpose:** Each Director must use the powers of office for a proper purpose, in the best interests of Watpac as a whole.
- 2.4 **Improper use of information:** Each Director must not make improper use of information acquired as a Director.
- 2.5 **Improper advantage:** A Director must not improperly use information acquired as a Director to gain an advantage for themselves or someone else, or to cause detriment to Watpac.
- 2.6 **Conflict of interest:** Each Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of Watpac.
- 2.7 **Independence:** Each Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- 2.8 **Confidentiality:** Confidential information received by a Director in the course of the exercise of Directorial duties remains the property of Watpac and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by Watpac, or the person from whom the information is provided, or is required by law (even after the Director ceases to be a Director or officer of Watpac).
- 2.9 **Conduct:** Each Director must not engage in conduct likely to bring discredit upon Watpac and should ensure compliance with all applicable Watpac Policies at all times.
- 2.10 **Adherence to Code:** Each Director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

### **3. Guidelines for the interpretation of principles**

- 3.1 The Director's Guide provides details of the responsibilities and expectations of Directors in complying with the core principles of the Code. While not exhaustive they include Directors' responsibilities to Watpac, to Shareholders, to Creditors and to other stakeholders of the Company.

## 4. Due diligence

- 4.1 **Board and Committee meetings:** Each Director should attend all Board meetings and meetings of Committees of which they are a member, but where attendance at meetings is not possible, appropriate steps should be taken to obtain a leave of absence.
- 4.2 **Acquire knowledge:** Each Director must acquire knowledge about the business of Watpac, the statutory and regulatory requirements affecting Directors in the discharge of their duties to Watpac, and be aware of the physical, political and social environment in which it operates.
- 4.3 **Access to information:** In order to be fully effective, a Director should insist upon access to all relevant information to be considered by the Board. This information should be made available in sufficient time to allow proper consideration of all relevant issues. In the extreme circumstances where information is not provided the Director should make an appropriate protest about the failure on the part of Watpac to provide the information and if necessary abstain from voting on the particular matter on the basis that there has not been the time necessary to consider the matter properly. Any abstention and the reasons for it should be included in the minutes. It may also be appropriate to vote against the motion or move for deferment until proper or more complete information is available.
- 4.4 **Appropriate systems:** Each Director should endeavour to ensure that systems are established with Watpac to provide the Board, on a regular and timely basis, with necessary data to enable them to make a reasoned judgment and so discharge their duties of care and diligence.
- 4.5 **Auditors:** Each Director should endeavour to ensure that relations between the Board, the Audit and Risk Committee and the auditors are open, unimpeded and constructive. Similarly, the auditors should have direct and unimpeded access to the Director. A Director should be satisfied that the scope of the audit is adequate and that it is carried out thoroughly and with the full cooperation of management and the internal auditors, where relevant.
- 4.6 **Complies with law:** Each Director should endeavour to ensure Watpac complies with the law and strives for the highest standards of business and ethical conduct.
- 4.7 **Complies with ASX listing and business rules:** Each Director shall endeavour to ensure that Watpac complies with the listing and business rules of the Australian Securities Exchange and in particular those rules relating to any benefits that may be received by a Director or an associated person from Watpac by way of an issue of shares or any other transaction of a similar nature.
- 4.8 **Seek professional advice:** A Director from time to time may need expert advice (whether it be legal, financial or some other professional advice and whether it relates to fiduciary or other duties) in order to discharge duties properly. The Director should ensure, to the extent possible, that any advice obtained is independent of Watpac. In that regard where necessary the services of advisers external to those advising Watpac may need to be sought. In any case of doubt separate independent advice should always be sought by the Directors on matters that may impact on their position as a Director and on the proper discharge of their duties as a Director. Costs for such professional advice will be borne by Watpac provided it has been procured with the approval of the Board.

**5. Conflicts of interest**

- 5.1 Directors' responsibilities in relation to conflicts of interest are included in the Corporations Act and the Director's Guide.
- 5.2 Conflicts of interest will be managed by the Company in accordance with the Directors' Material Personal Interest Policy.

**6. Use of information**

- 6.1 **Improper use of information:** Directors have a responsibility to comply with the obligations relating to the proper use of information as is required under the Corporations Act and is documented in the Director's Guide.
- 6.2 **Director must not buy/sell listed securities:** A Director must ensure that he/she complies at all times with the Securities Trading Policy.
- 6.3 **Timely disclosure:** Because Watpac is listed on the Australian Securities Exchange, a Director has a particular duty to ensure timely disclosure and should ensure that the Continuous Disclosure Policy is complied with at all times.

## **7. Professional integrity**

- 7.1 **Debate:** Each Director should recognise that the position occupied is particularly sensitive. A Director must be prepared, if necessary, to express disagreement with colleagues including an executive Director. However, in the absence of a need to express disagreement, a Director should be prepared to implement the decisions of the Board as a loyal member of the Board.
- 7.2 **Independent advice:** If there is any doubt about whether a proposed course of action is inconsistent with a Director's fiduciary duties then the course of action should not be supported. Independent advice should be sought as soon as possible to clarify the issue.
- 7.3 **Procedure:** When a Director feels so strongly as to be unable to acquiesce in a decision of the Board, some or all, of the following steps should be considered:
- (a) making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the decisions;
  - (b) asking for additional legal, accounting or other professional advice;
  - (c) asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion;
  - (d) tabling a statement of dissent and asking that it be minuted;
  - (e) writing to the Chairman, or all members of the Board, and asking that the letter be filed in the minutes;
  - (f) if necessary, resign, and consider advising the appropriate regulator.
- 7.4 **Opinion shopping:** 'Opinion shopping' and the search for loopholes in the law is unacceptable.

**8. Review**

The Board must review this Code and consider any changes at least once every two years. Any changes to this Code, except changes of an administrative nature, must be approved by the Board.

## 9. Definitions

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

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

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

**Code** means this Code of Conduct for Directors as adopted by the Board.

**Committee** means a Board committee established by the Board.

**Company** means Watpac Limited.

**Continuous Disclosure Policy** means the Continuous Disclosure Policy adopted by the Board.

**Creditors** means creditors of Watpac.

**Corporations Act** means the Corporations Act 2001 (Cth) as amended from time to time.

**Director** means a director of Watpac.

**Director's Guide** means the Director's Guide adopted by the Board.

**Group Senior Executive Team** means the group managed by the Managing Director and comprising the Chief Financial Officer and Company Secretary, Group Commercial Manager, 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).

**Material Personal Interest Policy** means the Material Personal Interest Policy adopted by the Board.

**Securities Trading Policy** means the Securities Trading Policy adopted by the Board and published under the corporate governance section of Watpac's website.

**Shareholders** means shareholders of Watpac.

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

**10. Helpline**

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