



Watpac Limited Remuneration Committee Charter

DATE: August 2018

Position	Name	Signature	Date Signed
Chair of Board	Peter Watson	Peter Watson	23 August 2018
Managing Director	Martin Monro	Martin Monro	23 August 2018
Chief Financial Officer / Company Secretary	Mark Baker	Mark Baker	23 August 2018

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1. Purpose

- 1.1 The Committee is established by, and reports to, the Board of Watpac.
- 1.2 The purpose of the Committee is to review and make recommendations to the Board in relation to the overall remuneration policy for Watpac and, specifically:
- (a) Non-executive Director remuneration;
 - (b) Remuneration of Managing Director, and on the recommendation of the Managing Director, other members of the Group Senior Executive Team and other Senior Executives;
 - (c) the implementation of, and amendment of, any executive short term incentive (STI) or long term incentive (LTI) plans;
 - (d) assist the Chairman of the Board with the annual performance review of the Managing Director as required; and
 - (e) other matters referred to the Committee by the Board.
- 1.3 The Board has delegated power to the 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; and
 - (f) assessing achievements against the diversity objectives as set out in the Inclusion and Diversity Policy.

2. Membership

- 2.1 The Committee will be appointed by the Board and where possible comprise of:
- (a) only non-executive Directors (or 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, the CFO and the Group Human Resources Manager. However such persons must not be present at meetings or participate in any decisions in relation to their own remuneration or specific remuneration policies applicable to them.
- 2.4 The Company Secretary or their nominee will act as Secretary to the Committee.

3. Responsibilities

The main responsibilities of the Committee are:

3.1 Remuneration strategy and policy

The Committee will, on the recommendation of the Managing Director:

- (a) 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; and
- (b) review the ongoing appropriateness and relevance of the Watpac remuneration strategy and policies.

3.2 Non-executive Director remuneration

Review and make recommendations to the Board on remuneration of non-executive Directors (including fees, travel and other benefits and any non-executive Director Share Plan).

3.3 Managing Director, CFO and Senior Executive remuneration

Review and make recommendations to the Board on:

- (a) the specific short and long-term remuneration arrangements of the Managing Director and, on the recommendation of the Managing Director, the CFO and the direct reports to the Managing Director (including any performance targets); and
- (b) the broad level and nature of participation by employees (other than direct reports to the Managing Director) in Watpac executive incentive plans.

3.4 Remuneration of other executives

Determine, on the recommendation of the Managing Director, short and long-term remuneration of employees (other than the senior executives), including performance targets applicable to any incentive schemes and the level and nature of participation in Watpac's STI and LTI plans.

3.5 Executive and employee incentive plans

On the recommendation of the Managing Director:

- (a) review and recommend any proposed new executive STI and LTI plans to the Board for approval or the amendment of the terms of any existing executive STI and LTI plans.
- (b) review and determine the performance hurdles applicable to the STI and LTI plans.
- (c) approve the establishment of any new, or amendment to the terms of any existing, STI or LTI plans for employees below Senior Executive level.

Delegate power for the operation and administration of all Watpac incentive plans to the Managing Director and Company Secretary.

3.6 Annual performance reviews

Assist the Chair of the Board in the annual performance review of the Managing Director. Review the performance assessment processes and results applicable to the direct reports of the Managing Director. 3.7 Human resources and remuneration policies

On the recommendation of the Managing Director:

- (a) Recommend to the Board any changes to the overall Watpac group policy regarding remuneration;
- (b) Oversee the establishment and implementation of appropriate human resources policies and specific remuneration policies (within the overall policy approved by the Board) for Watpac; and
- (c) Ensure remuneration packages across Watpac are equitable and reward talent and performance, and make recommendations to the Board as appropriate.

3.8 Remuneration Report

Oversee management's preparation of the annual remuneration report for inclusion in the Group's annual report, and recommend the report to the Board for approval.

The Committee must consider whether provisions regarding disclosure of executive remuneration as set out in the Corporations Act and other laws and regulations are satisfied.

3.9 Inclusion and Diversity Policy

The Committee is responsible for assessing 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.

3.10 Succession Planning

The Committee is responsible for reviewing the succession planning for the Group Senior Executive Team and for oversight of the effectiveness of the succession planning and talent management process. Primary responsibility for any appointment to the role of the Managing Director sits with the Nominations Committee which will consult with the Remuneration Committee.

3.11 Other matters referred to the Committee by the Board

Consider any other matters referred to the Committee by the Board and follow up actions arising from previous Committee meetings.

4. Meetings

- 4.1 The Committee is to meet as required by the Committee Chair, although it is intended that the Committee meet no less than two times in each year.
- 4.2 At a meeting of the Committee the number of Directors (or their alternates) whose presence is necessary to constitute a quorum is the number nearest to two thirds of the number of members of the Committee.
- 4.3 Resolutions will be validly passed by the Committee by majority vote of members in attendance at the time a resolution is considered.
- 4.4 The Committee Chair, or a delegate, will report to the Board following each meeting of the Committee and a copy of the minutes of each meeting of the Committee will be made available to all members of the Board subsequent to each meeting.

5. Annual general meeting

- 5.1 The Chair of the Committee will attend and be available to answer questions regarding the annual Remuneration Report at the Annual General Meeting of Watpac.

6. Authorities

- 6.1 The Committee will have unrestricted access to senior executives, executives, all employees and all company records, tax and other financial advisers, legal advisers and internal and external auditors.
- 6.2 The Committee may take such independent advice as it considers necessary and is authorised to commit Company resources to the engagement and remuneration of independent advisers to assist it in the discharge of its responsibilities and to pay all administrative expenses of the Committee that are necessary or desirable to the work it is required to undertake pursuant to the terms of this Charter.
- 6.3 Where the Committee seeks advice independently of management, the Committee should engage those advisers directly and request that any advice be provided directly to the Committee (or Chair of the Committee).
- 6.4 When professional advice is proposed to be obtained by the Committee, consideration will be given to the requirements set out in the Corporations Act regarding "remuneration consultants".

7. Review and self assessment

- 7.1 The Committee will at least annually assess its effectiveness with a view to ensuring that its performance accords with best practice. The Committee will ensure its members undergo ongoing training and professional development appropriate to ensure that all members are best placed to discharge the Committee's responsibilities.
- 7.2 The Charter will be reviewed and updated as required, and the Chair of the Committee will, following such review, either confirm the appropriateness of the Charter to the Board or recommend any amendments deemed desirable to the Board for approval.

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 Remuneration Committee Charter as adopted by the Board.

Committee means the Remuneration Committee established by the Board and governed by this Charter.

Inclusion and Diversity Policy means the Inclusion and Diversity Policy adopted by the Board and published in the corporate governance section of Watpac's website.

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

Listing Rules mean the Listing Rules published by the ASX.

Senior Executive means those Group executives who directly report to the Managing Director and/or who have entered into an executive service agreement with Watpac (including members of the Group Senior Executive Team).

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).