

Board Policy for Nomination and Appointment of Directors

Waterco Limited

Adoption date: 1 July 2020 (Revision 2: 28 August 2026)

1. INTRODUCTION

1.1 ASX Recommendations

ASX Recommendations 2.1 – 2.6 require the board of a listed company to have a board of an appropriate level of independence, size and collective skillset to enable it to discharge its duties and add value. The Recommendations recognise that smaller boards, such as that of Waterco, can deal efficiently and effectively with board composition and succession issues without establishing a separate Nomination Committee. The functions of the nomination committee are undertaken by the Remuneration Committee in making recommendations to the Board for election of new directors to the Board, re-election of incumbent directors and for appointment to the committees of the Board.

1.2 Purpose of the policy

The purpose of this policy is to guide the Remuneration Committee in addressing board succession issues and ensuring that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

1.3 Who does the policy apply to?

The Board and the Remuneration Committee of Waterco Limited.

1.4 Definitions

- (a) **ASX** means the Australian Stock Exchange.
- (b) **ASX Recommendations** means ASX Corporate Governance Principles and Recommendations (4th Edition).
- (c) **Board** means the Board of Waterco Limited.
- (d) **Company** means Waterco Limited ACN 002 070 733.
- (e) **Personnel** means all employees, directors, contractors, suppliers and consultants of the Company.
- (f) **Remuneration Committee** means the remuneration committee of the Board.

- (g) **Waterco Group** means Waterco Limited ACN 002 070 733 and each of its wholly owned subsidiaries.

2. POLICY

- 2.1 When considering the election of a new director or re-election of an incumbent director, the Board and the Remuneration Committee will take into account the following:
- (a) business experience, particularly in respect of the industries in which the company operates (legal, financial, engineering marketing or human resources);
 - (b) standing in the community;
 - (c) education and qualifications;
 - (d) experience in environmental sustainability;
 - (e) checks against the person's character, criminal record and bankruptcy history;
 - (f) availability and other directorships currently held by an incumbent director;
 - (g) the possession of particular skills such as leadership, cross cultural understanding, strategic thinking or risk management;
 - (h) any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the incumbent director's capacity to bring an independent judgment before the Board and to act in the best interest of the Company as a whole;
 - (i) whether the appointment or re-appointment will contribute positively to the skill set, knowledge, experience and diversity of the Board as a whole.
- 2.2 The Board and the Remuneration Committee will evaluate the mix of skills and diversity that the board currently has or is looking to achieve in its membership when considering new candidates for nomination or appointment to ensure the appropriate mix of skills and diversity on the board that will make an effective board.
- 2.3 The Board and the Remuneration Committee will regularly review its size and its directors' skills, time commitment and their knowledge of the Company and the businesses/industry the Company is operating to adequately discharge its duties and responsibilities. At present, the Board believes that a 5-director board, with a majority of non-executive (preferably independent) directors is the right size for the Company.
- 2.4 The Board and the Remuneration Committee will be conscious of the duration of each director's tenure to ensure independence and in succession planning to ensure that an appropriate balance of skills, experience and expertise on the Board are maintained.
- 2.5 The Remuneration Committee will regularly review the time commitment required for a non-executive director, to ensure directors are meeting that requirement. Non-executive directors will be required to inform the chair of the Board and Remuneration Committee before accepting any new appointment as a director of another listed entity, any other material directorship or any other

position with a significant time commitment attached.

- 2.6 New directors nominated and appointed to fill casual vacancies must stand for election at the next annual general meeting.
- 2.7 All new directors will undergo an induction to familiarise them with the business of the Company, the Company's internal control and risk management practices and policies and procedures. The Company will also provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

3. REVIEW OF POLICY

- 3.1 This policy will be reviewed periodically as and when necessary to meet the operational requirements of the Company and changes in the law.