

## **BOARD CHARTER**

### **1. PURPOSE**

This document sets out the key responsibilities and roles of the Board of Waterco Limited ACN 002 070 733 (“the Company”).

### **2. OVERRIDING RESPONSIBILITIES**

The Board is committed to:

- 2.1 protecting the interests of shareholders and other stakeholders in the Company (such as employees, business partners, customers and the community as a whole);
- 2.2 promoting and maintaining good corporate governance structures throughout the entire Company to facilitate the growth of the Company while managing risks and being accountable to stakeholders;
- 2.3 acting ethically, responsibly, efficiently, honestly and fairly; and
- 2.4 acting in accordance with all applicable laws and regulations.

### **3. KEY ROLES**

The Board is ultimately responsible for the business and management of the Company. Taking into consideration the Principles of Corporate Governance and Recommendations issued by the ASX Corporate Governance Council (“CG Principles and CG Recommendations”), the Board acknowledges that their key responsibilities are:

- 3.1 Overseeing the business and strategic direction of the Company in order to maximise performance and generate appropriate levels of shareholder return.
- 3.2 Appointment, evaluation and removal of:
  - (a) the Chairman;
  - (b) the CEO;
  - (c) the CFO; and
  - (d) the Company Secretaries.

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- 3.3 Ensuring that management establishes and follows an appropriate system of internal controls, risk management and legal compliance.
- 3.4 Reviewing the performance and implementation of corporate strategies by senior management and ensuring that senior management have the necessary resources to do so.
- 3.5 Approving and supervising significant capital expenditure, capital management, acquisitions and divestments.
- 3.6 Approving and monitoring annual budgets and strategic plans.
- 3.7 Approving and monitoring financial and other reporting made to shareholders and the ASX under the continuous disclosure regime.
- 3.8 Ensuring that the Company has appropriate risk management framework and setting the acceptable risk appetite within which the management operates.
- 3.9 Approving the Company's remuneration framework and ensuring that remuneration package is sufficient to attract, retain and motivate senior executives.

#### **4. MATTERS RESERVED TO THE BOARD**

Certain decisions are expressly reserved to the Board as it is ultimately responsible for the growth, strategic direction and success of the Company. These decisions involve approvals and determinations relating to the following matters:

- 4.1 annual budgets and strategic plans;
- 4.2 extension into new areas of business;
- 4.3 annual reports and accounts;
- 4.4 major changes to capital structure;
- 4.5 dividend policy and the declaration of dividends;
- 4.6 significant capital expenditure, capital management, acquisitions and divestments;

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- 4.7 major changes to the corporate structure, management and control structure;
- 4.8 appointment and removal of:
  - (a) the Chairman
  - (b) the CEO
  - (c) the CFO; and
  - (d) the Company Secretaries;
- 4.9 the independence of directors; and
- 4.10 the Company's remuneration framework.

### **5. DELEGATION**

The company secretary is appointed by and accountable to the Board and has particular responsibility for:

- 5.1 advising the board and its committees on governance matters;
- 5.2 monitoring whether board and committee policy and procedure is being followed;
- 5.3 coordinating timely completion of board and committee papers;
- 5.4 ensuring that business conducted at board and committee meetings are accurately recorded in the minutes; and
- 5.5 helping to organise the induction and professional development of directors.

The Board may from time to time establish committees to assist in the discharge of its responsibilities. As at the date of this Charter, the Board has established:

- 5.6 an Audit Committee, which is responsible for overseeing the external and internal auditing of the Company's activities; and
- 5.7 a Remuneration Committee, which is responsible for making recommendations to the Board on remuneration packages for the Executive Directors and senior management.

The CG Recommendations recognise that nomination committees may not be required for smaller companies. Due to the size of the Company and its Board, the Board does not consider it necessary to establish a nomination committee. The Board as a whole is responsible for ensuring that the Board

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has the appropriate size, the balance of skills, knowledge, experience, independence and diversity on the Board that promotes good decision-making for the benefit of the Company as a whole.

### 6. BOARD SKILLS MATRIX

Below is the matrix of skills and attributes that Waterco seeks to achieve across its Board membership.

General	Governance
<ul style="list-style-type: none"> <li>• Executive and non-executive experience</li> <li>• Leadership</li> <li>• Strategic thinking</li> <li>• Industry experience (local &amp; global)</li> </ul>	<ul style="list-style-type: none"> <li>• Governance committee experience</li> <li>• Risk management</li> <li>• Ethical and fiduciary duties</li> <li>• Environment and sustainability</li> </ul>
Technical	Diversity
<ul style="list-style-type: none"> <li>• Legal</li> <li>• Financial</li> <li>• Engineering</li> <li>• Human resources</li> </ul>	<ul style="list-style-type: none"> <li>• Female</li> <li>• Male</li> <li>• Different ethnicities and cultures</li> <li>• Languages other than English</li> </ul>

### 7. BOARD MEMBERSHIP

The Board is committed to ensuring that there will be at least five directors of whom a majority will be non-executive directors, (and where possible independent). Consistent with CG Recommendation 2.3, a director is regarded as independent if that director is free of any interest, position, association or relationship that might influence, in a material aspect, his or her capacity to bring an independent judgment and to act in the best interests of the Company and its shareholders. Examples of interests, positions, associations and relationships that might cause doubts about the independence of a director include if the director:

- 7.1 within the last three years has been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold such employment;
- 7.2 within the last three years has been a partner, director or senior employee of material professional services to the Company or another group member. At present an advisory relationship or contract where the company pays in excess of \$100,000 in a year is regarded as material;

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- 7.3 within the last three years has been in a material business relationship (e.g. as a supplier or customer) with the Company or other group member, or an officer of or otherwise associated directly or indirectly with that supplier or customer. At present an advisory relationship or contract where the company pays in excess of \$100,000 in a year is regarded as material;
- 7.4 is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- 7.5 has material contractual relationship with the Company or another group member other than as a director of the Company. At present an advisory relationship or contract where the company pays in excess of \$100,000 in a year is regarded as material;
- 7.6 has close family ties with any person who falls within any of the categories described above;  
or
- 7.7 has served on the Board for a period which could compromise his or her independence. The Board has set 10 years as an indicative period for considering this issue, but does not believe that it is appropriate to fix a maximum term as the key issue is the ability of the director to continue to bring an independent point of view to their role

The Board is also committed to ensuring that its members have a broad range of skills, experience, expertise and diversity. This will assist the Board to maximise performance and ensure appropriate levels of shareholder return.

### **8. REVIEW**

The Board reviews its performance annually to ensure its effectiveness. This Charter will be reviewed periodically as and when necessary to meet the operational requirements of the Company and changes in the law (including CG Principles and Recommendations).