

# **Nominations Policy**

18 October 2021

**Nominations Policy  
for members of EYDAP's Board of Directors**

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## **A. Introduction 1. Statutory framework**

(1) Article 1 of Law 2744/1999 stipulated that the company with the corporate name “Athens Water Supply and Sewerage Company” (EYDAP) is governed by the provisions of Codified Law 2190/1920 (now Law 4548/2018) on societies anonyme and Law 2414/1996 (on the modernisation of public enterprises and organisations), as well as in a supplementary manner by the provisions of its initial founding Law 1068/1980 and is under the supervision of the Minister of the Environment, Planning and Public Works.

(2) According to Article 16 of Law 3429/2005 and Article 1 of its Articles of Association, the provisions of Law 4706/2020 and other provisions applicable to any other public limited liability company whose securities are traded on a regulated market apply to it.

(3) Article 11 of the Company’s Articles of Association states that the Company is to be run by the Board of Directors which shall have an odd number of members, and the number cannot exceed 13 or be less than 7. The General Meeting of Shareholders is responsible for determining the number of Directors and for increasing or reducing the number of such Directors, within the framework laid down in that paragraph. The Board of Directors consists of the following persons in accordance with the provisions of the Articles of Association: (a) 2 representatives of Company employees. (b) 2 members representing minority shareholders. (c) representatives of shareholders elected by the General Meeting in accordance with the provisions of Law 4389/2016 and Law 4548/2018. One member of the Board of Directors is nominated by the Minister of Finance to the Hellenic Company of Assets and Participations S.A. which exercises the right to appoint or vote at the General Meeting in accordance with Law 4548/2018.

(4) In light of this, this Nominations Policy for the Company takes into account the requirements that the Company must meet in relation to the suitability of its Board members, the obligations established in relation to the Policy in accordance with Law 4706/2020 and Hellenic Capital Market Commission Circular 60/2020, the overall legislative framework governing the operation of the Company, including Article 197(4) of Law 4389/2016, its Bylaws, the Code of Corporate Governance it applies and its Articles of Association.

## **2. Purpose**

(1) The purpose of this Policy for members of the Company’s Board is to lay down:

- i. the principles relating to the selection or replacement of Directors and renewal of the term in office of existing Directors;
- ii. the criteria for evaluating the suitability of Directors, with particular regard to character requirements, reputation, competence, skills, independence of judgment and experience to perform the duties assigned to them; and
- iii. the diversity criteria for selecting Directors, in accordance with Article 3 of Law 4706/2020.

(2) The Policy aims at safeguarding the high-quality staffing, effective operation and fulfilment of the role of the Board of Directors based on the Company's general

strategy and business pursuits in the medium to long term, with a view to promoting the Company's interests.

### **3. General principles**

- (1) The Company's Board of Directors has an adequate number of members and a suitable line-up.
- (2) The Company seeks to staff the Board of Directors with persons of ethos and reputation and ensures that Directors have the skills and experience required based on the duties they undertake and their role in the Board of Directors, and have adequate time to perform their duties. To that end the Policy takes into account the specific description of the functions of each director or their participation or non-participation in committees, the nature of their duties (executive or non-executive director) and their characterisation as an independent or non-independent director, as well as any specific incompatibilities or characteristics or contractual commitments relating to the nature of the Company's activities or the corporate governance code it implements.
- (3) In preparing this Policy, regard has been had to the size, internal organisation, nature and complexity of the Company's activities.

### **B. Definitions**

- (1) **Independence of judgment or independence of mind:** A standard of conduct during discussions and decision-making within the Board of Directors which is required for each member, irrespective of whether the member is an independent non-executive member in accordance with Article 9 of Law 4706/2020.
- (2) **Independence:** Freedom from conditions which prevent a Board member from performing his duties in an impartial manner.
- (3) **Objectivity:** An impartial approach and mindset that allows directors to carry out their work as they see fit and to not accept compromises in terms of the quality of their work.
- (4) **Individual Suitability:** The extent to which a person is considered to have adequate knowledge, skills, experience, independence of judgement, ethos and good reputation for performing their duties as a member of the Company's Board of Directors in accordance with the suitability criteria laid down in the Policy.
- (5) **Board of Directors or Board:** The Company's Board of Directors
- (6) **Company:** The company with the corporate name EYDAP S.A.
- (7) **Material amendments:** Material amendments shall be understood to mean amendments introducing deviations to or significantly altering the content of the Policy, particularly with regard to the general principles and criteria applied.
- (8) **Nominations policy or policy:** All the principles and criteria applying, as a minimum, to the selection, replacement and renewal of the term of directors, in the context of assessing individual and collective suitability.

**(9) Collective Suitability:** The suitability of all Board members.

### **C. Individual suitability**

**(1)** The individual suitability of directors is assessed, in particular, on the basis of the criteria set out below. The criteria are general and apply to all directors, irrespective of their capacity as executive, non-executive or independent non-executive directors.

**(2)** Special impediments, obligations and conditions (such as those in Article 3(4)-(6) of Law 4706/2020, article 44(1) of Law 4449/2017 and Article 11(9) of the Articles of Association) apply irrespective of the suitability criteria.

#### **(3) Adequacy of knowledge and skills**

- i. Directors must have the competence, skills and experience required to perform their duties in view of the role, position and skills the post demands, set by the Company as prerequisites.
- ii. Experience covers both practical and professional experience, as well as any theoretical experience:
- iii. Theoretical knowledge: regard is had to the level and type of training (the field of study and specialisation) especially if it is related to activities related to the Company or other related sectors.
- iv. Practical experience: Practical experience covers the director's previous posts and type of employment, including the duration of their stay in each post, the size of the entity that employed them, the scale and complexity of the business activity, the functions they performed at the said entity, the number of subordinates below them, the nature of the entity's activities, etc.
- v. In the context of evaluating adequate knowledge and skills, the following are examined:
  - the role and duties of the post and the skills required;
  - the knowledge and experience obtained through education and training;
  - practical and professional experience obtained in the past; and
  - knowledge and experience obtained and demonstrated by the director's professional conduct and development.
- vi. The assessment is not limited to the director's academic qualifications or proof of a specific length of service in the past. On the contrary, a detailed analysis of the experience and training of the member is carried out.
- vii. Executive directors may have obtained adequate practical and professional experience either by holding a position of responsibility or by engaging in business activities for a sufficient period of time.
- viii. Directors seek to know and clearly understand the Company's corporate governance arrangements, their respective roles and responsibilities, both as Directors and as members of its committees, and potential conflicts of interest. Prospective Directors should also seek to know the Company's culture, values and general strategy, among other things, to the extent possible, before taking

up their post.

#### **(4) Character requirements and reputation**

- i. Directors must be distinguished for their good reputation and ethos, which is primarily determined by their reputation and integrity.
- ii. A director shall be presumed to have a good reputation, and a name for honesty and integrity if there are no objective and demonstrable grounds indicating otherwise.
- iii. In order to assess the reputation, honesty and integrity of a prospective or current director, the Company may conduct an inquiry and, without prejudice to personal data protection legislation, may request information and relevant supporting documents regarding any administrative decisions and court judgments with res judicata effect against them, particularly with regard to infringements and offences associated with their capacity as directors or non-compliance with the provisions of Hellenic Capital Market Commission legislation or financial crimes in general.
- iv. Without prejudice to the provisions of Article 3(4) and (5) of Law 4706/2020, such assessment may take into account in particular the relevance of the offence or measure to the director's role, the seriousness of the offence or measure, the general conditions, including mitigating factors, the role of the person involved, the penalty imposed, the stage reached in the proceedings and any remedial measures implemented, the time elapsed and the person's conduct after the infringement or offence.
- v. During the assessment, the Company may also take into account any decision issued by any competent authority to bar the prospective director from serving as a director.

#### **(5) Conflicts of interest**

- i. The Company has a Conflicts of Interest Policy in accordance with Article 14(3)(g) of Law 4706/2020, which includes, at least for the directors, procedures for preventing conflicts of interest, measures for the disclosure and management of conflicts of interest and any cases and conditions which, exceptionally, would be acceptable for a director to have conflicting interests, provided that the said interests of the director are significantly limited or are suitably managed.
- ii. All actual and potential conflicts of interest at Board level must be subject to sufficient disclosure, discussion, documentation, decision-making and due management (i.e. the steps necessary to limit conflicts or interest shall be taken).

#### **(6) Independence of judgement**

- i. Each Director must ensure that they act with independent judgement. The absence of conflicts of interest does not mean that the member acts independently.
- ii. All directors must actively participate in meetings and make their own proper, objective and independent decisions and judgements in the

performance of their duties.

- iii. When assessing independence of judgement, the Company takes into account whether all directors have the necessary behavioural skills that include, inter alia:
  - the courage, conviction and fortitude to meaningfully evaluate and challenge the proposals or views of other directors;
  - the ability to pose legitimate questions to directors and executive directors, in particular, and to express criticisms; and
  - the ability to withstand the ‘groupthink’ phenomenon.

#### **(7) Independent Non-Executive Members:**

Having regard to the key role played by independent non-executive directors within the meaning of Law 4706/2020 in enhancing the effectiveness of its operations, the Company seeks to promote the participation of as many independent non-executive members as possible on its Board of Directors.

#### **(8) Time commitment**

- i. All directors must be able to commit the time required to perform their duties on the basis of their job description, role and duties.
- ii. In determining the sufficiency of time, account is taken of the capacity and functions assigned to the director, the number of positions held as directors on other Boards, and the resulting capacities simultaneously held by the director in question, as well as other professional or personal commitments and circumstances. The number of posts a member of the Company’s Board of Directors may hold in parallel may not exceed 5 Boards of Directors in total, and participation in the Board of Directors of listed companies may not exceed 3.
- iii. The Company notifies every prospective director of the time they will be expected to commit to their duties and meetings of the Board and other committees of which they are members.

#### **D. Collective suitability**

(1) The Board must be suitable in order to carry out its responsibilities and must be composed in a way that contributes to the effective management of the Company and to balanced decision-making.

(2) Directors must collectively be in a position to take suitable decisions taking into account the business model, the willingness to assume risk, the strategy and markets in which the Company operates, be in a position to substantively monitor and criticise the decisions of senior executives and have the necessary skills to present their views.

(3) All fields of knowledge required for the Company’s business activities must be covered by the Board of Directors collectively with adequate experience and knowledge among its members. Consequently, it is recommended that there be a

sufficient number of directors with knowledge in every field, so as to enable discussions on the decisions that must be made.

(4) The composition of the Board must reflect the knowledge, skills and experience required for the performance of its functions. This framework includes the requirement for the Board, as a whole, to sufficiently comprehend the fields for which directors are collectively responsible and to possess the skills necessary to engage in the effective management and oversight of the Company regarding, inter alia:

- its business activities and the key risks associated with such activities;
- the utilities sector,
- the water supply and management of water resources, sewerage and wastewater management sector.
- strategic planning and innovation;
- auditing, accounting and financial management;
- financial and non-financial reports;
- the sciences in all branches of engineering;
- compliance with the statutory and regulatory framework;
- comprehension of corporate governance issues;
- the ability to identify and manage risks;
- the impact of digital technology and IT systems on its activities and
- adequate representation of each gender;
- understanding issues relating to the environment, social responsibility and governance (ESG);
- understanding corporate governance issues relating to the Internal Audit System.

#### **E. Diversity criteria**

(1) The Company promotes diversity on its Board of Directors since it considers that:

- by collecting a wide range of qualifications and skills when selecting Board members, a range of views and experiences is ensured which can contribute to proper decision-making.
- through diversity, it is possible to achieve maximum group efficiency and performance, foster innovation and cooperation between Board members and with management executives.

(2) Consequently, the Company asserts that diversity on the Board of Directors is a necessary element in maintaining and bolstering its competitiveness, and in that context promotes a suitable level of diversity on the Board of Directors and a diverse group of members.

(3) As far as adequate representation per gender is concerned, the Company seeks to



ensure that at least 25% of all directors will be of one gender or the other. To that end, the Remuneration and Nominations Committee takes this criterion into account when submitting proposals on the appointment of Board members.

(4) In general, the Company seeks to ensure equal treatment and equal opportunities between the genders, and this aspect extends beyond the choice of Board members to providing training to Board members. It also ensures that exclusion is not possible due to discrimination based on sex, race, colour, ethnic or social origin, religion or beliefs, property, birth, disability, age or sexual orientation.

#### **F. Suitability assessment criteria**

(1) It is the Company itself which is primarily responsible for identifying collective suitability gaps. To that end, the Board of Directors carries out an annual self-assessment and at regular intervals assigns such evaluation to third party specialised consultants.

(2) Evaluation of individual and collective suitability is taken into account when selecting, renewing their term in office and replacing Directors.

(3) The Remuneration and Nominations Committee monitors the suitability of Directors, particularly in order to identify, in the light of any relevant new event, cases where re-evaluation is considered necessary.

(4) A reassessment of suitability is carried out in the following cases:

- i. where there is a major impact on the reputation of a Board member and
- ii. when an event occurs that could significantly affect the suitability of a director, including cases where directors fail to comply with the Company's Conflicts of Interest Policy.

(5) The Remuneration and Nominations Committee records the results of the suitability assessment, and in particular any weaknesses identified between the intended and actual individual and collective suitability, and the necessary corrective measures.

(6) Where it is ascertained by the Remuneration and Nominations Committee that one or more of the suitability criteria based on the Policy has ceased to exist for a member of the Board of Directors on grounds that that person could not prevent, even using the utmost diligence, the Company's Board of Directors promptly removes them from office and replace them within 3 months.

#### **G. Succession of Board members**

(1) Planning the succession of Board members is a continuous, dynamic process, whose primary objective is to ensure the problem-free succession of members of the Company's Board of Directors and to that administrative decisions can continue to be taken by maintaining normal conditions within the Company.

(2) The Board of Directors, with the assistance of the Remuneration and Nominations Committee, ensures that the Company has a suitable succession plan to ensure the problem-free continuation of management of its affairs and decision-

making after scheduled or unforeseeable departures of Board members, especially executive members and committee members.

#### **H. Implementation, monitoring and amendment of the Policy.**

(1) The Remuneration and Nominations Committee, the Internal Audit department, as well as organisational departments with a relevant function (e.g. Human Resources and/or Regulatory Compliance and/or Legal Service) may contribute effectively to the preparation of the Policy and monitoring of its implementation.

(2) The Board, assisted by the Remuneration and Nominations Committee, monitors the implementation and effectiveness of the Policy and periodically evaluates it at regular intervals or when major events or changes take place. In order to monitor implementation of the Policy regard is had to any findings of the Internal Audit Division and other competent Company Divisions. When implementing the Policy regard is also had to the provisions of Law 4389/2016.

(3) The Company amends the Policy and re-examines its design and implementation where appropriate, taking into account, among other things, the recommendations of the Remuneration and Nominations Committee and the Internal Audit Unit and any other external bodies. When implementing the Policy regard is also had to the provisions of Law 4389/2016.

#### **I. Policy approval**

(1) The Policy is approved by the Board of Directors in accordance with Article 3(1) of Law 4706/2020 and submitted to the General Meeting for final approval, in accordance with Article 3(3) of Law 4706/2020.

(2) Amendments to the Policy are approved by the Board of Directors and, if material, are submitted to the General Meeting for approval, in accordance with Article 3(3) of Law 4706/2020.

(3) Documentation about approval of the Policy and any amendments to it is kept in a file which may be in electronic format.

(4) The updated Policy in effect from time to time is posted on the Company's website.