



## **MANDATE OF THE STRATEGY, INNOVATION AND LARGE PROJECTS COMMITTEE**

The Strategy, Innovation and Large Projects Committee (the “**Committee**”) of H<sub>2</sub>O Innovation Inc. (the “**Corporation**”) is appointed by the Board of Directors for the purpose of providing oversight, assessment, guidance and/or recommendations to the Board of Directors on the following matters: (i) involvement in large capital equipment (Water Technology & Service (“**WTS**”)) and operation and maintenance (“**O&M**”) projects, (ii) overall strategic direction and investment in technology, (iii) innovation initiatives, and (iv) matters of strategic interest for the growth and development of the Corporation’s WTS and O&M business pillars.

The Committee shall be composed of no less than four (4) members comprised of (i) one (1) independent, non-related director, (ii) two (2) members of the Corporation’s management, and (iii) one (1) independent individual having expertise, experience, and know-how in the water industry, mainly in the operation and maintenance of water and wastewater treatment plants. Any additional members of the Committee shall be either an independent non-related director or an independent individual with relevant expertise. The quorum shall consist of a majority of members, duly appointed by the Board of Directors.

The Committee shall meet on a quarterly basis, which means at least four (4) times in each fiscal year, as well as at such times and with such frequency as the Committee determines appropriate or as it is required for the good business of the Corporation, either by person, by conference call or any other appropriate electronic means. The meeting held during the third (3<sup>rd</sup>) quarter of each fiscal year shall be dedicated to the main orientations of the Corporation in terms of technology, innovation initiatives, and growth in view of the preparation, by the management, of the Corporation’s annual operating budget and strategic plan.

The Committee may ask managers and employees of the Corporation, such as engineer, salesman or project manager, to attend the meeting and provide relevant information, as necessary or desirable, to execute its duties.

The members of the Committee are appointed each year by the Board of Directors at the first meeting of the Board of Directors following the annual meeting of the shareholders or at any other meeting of the Board of Directors if a vacancy occurs. The Board of Directors also appoints a chairperson among the members of the Committee.

All members of the Committee shall act honestly, in good faith and for the best interests of the Corporation and exercise the care, diligence, and skills that a reasonably prudent person would exercise in comparable circumstances. Annually, members of the Committee will review and evaluate the performance of the Committee.

### **Definition of Responsibilities**

In carrying out its responsibilities, the Committee shall have the following specific responsibilities:

#### **A – WTS and O&M Projects**

1. Review and evaluate, upon management’s or Board of Directors’ request, or in accordance with the Delegation of Authority Policy, water and wastewater treatment projects (“**WTS Projects**”) as well as operation and maintenance projects (“**O&M Projects**”), and assess the most significant risks associated with such projects by considering notably the scope of work, technical specifications, workforce issues, compliance requirements, risks related to the execution, as well as commercial terms and conditions.
2. Review and assess WTS Projects and O&M Projects submitted to the Committee by considering the current strategic orientation of the Corporation and their compliance with such orientation. Supporting arguments shall be provided to the Committee when WTS Projects and O&M Projects do not meet the strategic orientation of the Corporation.



3. Approve the submittal of bids or proposals on WTS Projects and O&M Projects presented to the Committee, as provided for in Section A-1 herein, when any of the following criteria is met:
  - (a) Having a significant scope value:
    - i. WTS Project: more than \$8 M and below \$15 M; or
    - ii. O&M Project: more than \$12 M in the aggregate, or more than \$4 M on an annual basis;
  - (b) Expose the Corporation to unusual commercial risks, including, without limitation, the following risks:
    - i. a 100% warranty or performance bond;
    - ii. a contract requiring purchase of material assets estimated to be worth over \$1,000,000;
    - iii. a contract in a completely new geography (new US state or Canadian province) or requiring set-up of an international subsidiary;
    - iv. any other risks which can be considered unusual to the normal course of business for the WTS or the O&M business pillar (including CONOPS industry).

Any WTS Projects or O&M Projects requiring Board's approval as per the Delegation of Authority Policy shall be first reviewed by the Committee before being submitted to the Board of Directors for approval.
4. Review and consider the Corporation's backlog and pipeline for both WTS Projects and O&M Projects in support of the Corporation's overall business strategy and provide, to the Board of Directors, recommendations or alternatives in the event the Corporation's backlog or pipeline do not support the Corporation's strategic plan and strategy.
5. Establish and define a strategy with the O&M team for the renewal of large and significant O&M Projects within the last twelve (12) months of the current contract.

## **B – Technology, Market and Applications Strategic Orientation**

1. Monitor and evaluate existing and future trends in technology in the water industry that may affect the Corporation's strategic plan.
2. Meet with the management, on a yearly basis, to evaluate and determine the main strategic orientations the Corporation should take in terms of technology, market and applications, which orientations shall be reflected in the Corporation's strategic plan presented to the Board of Directors for approval.

## **C – Innovation**

1. Review the strategic goals, objectives, and orientation of the Corporation's innovation projects or initiatives ("**Innovation Projects**") and advise the management on the alignment of these Innovation Projects with the Corporation's strategic plan.
2. Review, on a yearly basis, all the major Innovation Projects in term of relevancy, progression, financing, and budget.
3. Evaluate the risks associated with the technologies or projects in which the Corporation is investing its innovation efforts, and, if necessary, review, limit, circumscribe, or cancel any ongoing Innovative Projects.
4. Remain aware of all the Innovation Projects submitted by the Corporation within its annual operating budget (which is approved by the Board of Directors on a yearly basis) and provide, when required, comments and assessment on the relevancy of such Innovation Projects to the Board of Directors.



5. Recommend to the Board of Directors (i) required and relevant investments in Innovation Projects that would support the Corporation's strategic plan, or (ii) priorities in terms of innovation efforts based on the existing and future trends of the market and technologies.

#### **D –Growth Strategy of the WTS and O&M Business Pillars**

1. Review and consider the goals and objectives of the Corporation's strategic orientation for the WTS and O&M business pillars.
2. Assist the management in the determination and development of a business acquisition strategy for the WTS and O&M business pillars.
3. Evaluate the business opportunities or potential acquisitions submitted by the management for the WTS and O&M business pillars and assess the risks associated with such business opportunities or potential acquisitions in which the Corporation is investing, or intent to invest, its efforts.
4. Discuss and recommend to the Board of Directors, on a case by case basis, business opportunities or potential acquisitions for the WTS and O&M business pillars that may have a positive impact on the Corporation's growth.
5. Meet, on a case by case basis and when required by the management, with the O&M team and project manager in order to evaluate and determine the main issues to take into consideration at the time of contract renewal, including client challenges and potential opportunities for scope enhancement.

#### **E. – Other**

1. Perform any other activities consistent with this Mandate as the Committee or the Board of Directors may deem necessary or appropriate.
2. Report, on a timely and regular basis, its findings and conclusions to the Board of Directors with respect to any of the matters described above.

#### **General**

In carrying out its duties and responsibilities, the Committee must be fully diligent in its monitoring in order to prevent fraud or abuses. As a result, the Committee may conduct examinations, studies, and investigations and hire legal, financial, or other consultants at the Corporation's expense and according to the frequency and terms and conditions the Board of Directors deems appropriate.

---

Revised and approved by the Board on December 5, 2022