

Key issues remain in remuneration

Company/ASX Code	Reece Ltd/REH
AGM time and date	10.00am Friday, 30 October 2026
Location	Online
Registry	Computershare
Type of meeting	Virtual
Monitor	Peter Aird
Pre-AGM Meeting	No

Monitor Shareholding: The individual involved in the preparation of this voting intention has no shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	To re-elect Peter Wilson as director of the Company	For
3	To elect Tim Ford as a Director of the Company	For
4	To re-elect Gavin Street as a Director of the Company	For
5	To re-elect Jacqueline Chow as a Director of the Company	For
6	To re-elect Andrew Wilson as a Director of the Company	For
7	To re-elect Bruce C. Wilson as a Director of the Company	For
8	To re-elect Sasha Nikolic as a Director of the Company	For
9	Adoption of the Remuneration Report	Against
10	Advisory resolution on the Reece 2030 Remuneration Framework for Key Management Personnel	Against

2. Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT (\$m)	308	317	419	388	392
UPAT (\$m)	308	317	416	405	
Share price (\$)	17.23	14.35	25.17	18.57	13.78
Dividend (cents)	18.84	18.36	25.75	25.0	22.5
Simple TSR (%)	21.4	-42.3	36.9	36.6	
EPS (cents)	50	49	65	60	61
CEO total remuneration, actual (\$m)	2.5	8.7	8.66	2.5	2.5

3. Rationale for Voting Intentions

Simple TSR is calculated by dividing change in share price plus dividend, excluding franking, by the share price at the start of the year.

Resolution 9 - Adoption of the Remuneration Report

The Remuneration Report improves several issues that ASA has had in the past but does not address the high Fixed Remuneration of the Chair/CEO of \$2.5m.

It is noted that CEO Mr Peter Wilson has been paid this amount for at least five years, and the company justifies this based on comparisons to ASX and North American peer group companies, which are not disclosed.

It is noted that BlueScope and Orica, both with a similar or higher market capitalisation and significant North American businesses pay their CEO's a fixed remuneration of less than \$1.9m. Therefore, we judge that Reece's pay is excessive.

The five-year LTI has many appropriate measures but provides 50% of the award using options, which ASA considers a major breach of its guidelines because of opaque fair-value pricing and potential excessive leveraged outcomes.

Justification is not provided except a comment that "stakeholders understood the reasons for a mix of performance rights and options". ASA prefers a structure that is wholly performance rights with no options.

On the basis that the Remuneration Report fails two of ASA major guidelines for remuneration, undirected proxies will be voted against the remuneration report.

Resolution 10 - Advisory resolution on the Reece 2030 Remuneration Framework for Key Management Personnel

For the reasons set out above and in the Appendix, ASA will vote undirected proxies against this resolution.

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Appendix 1 - Remuneration framework detail

Executive Chairman and CEO Mr Peter Wilson's fixed remuneration has remained at \$2.5m for the last five years.

Following a second strike against the Remuneration Report in 2025, the Remuneration Committee undertook a comprehensive review of KMP remuneration with an objective of supporting the delivery of Reece's 2030 Strategy. The new structure was approved by the Board on 29 March 2026 and details were released to the ASX on 30 March 2026.

The key elements of the 2030 Framework are:

- Runs from FY2026 until FY2030 (5 years)
- No Short-Term Incentives
- Long-Term Incentive Service Rights removed
- Long-Term Incentives comprise 50% performance rights and 50% options
- Long-Term Incentive Performance Rights are measured over 5 years
- Long-Term Incentive Options vest in 3 equal tranches in years 3, 4, and 5
- The Board does not intend to issue further LTI grants that vest before 30 June 2030

It is noted that the multi-year LTI was influenced by the 2030 Strategy and the current subdued outlook for the housing markets in Australia and the US (LTI for FY23 and FY24 have been tested and will not vest).

The Performance Rights are subject to two measures over 5 years:

- Earnings per Share (EPS) measured on a compound annual growth rate and with a threshold of 5%, a target of 8% and a stretch of 14%
- Average Return on Capital Employed (ROCE) measured over 5 years and with a threshold of 13.5%, a target of 14.5% and a stretch of 16%.

The options vest in 3 equal tranches following the release of the FY28, FY29, and FY30 results, subject to a gateway of relative Total Shareholder Return (TSR), with the gateway set at not less than 50-percentile against an ASX200 peer group determined at the beginning of the performance period. The exercise price is

\$13.00, which is the price that the company used to buy back shares in 2025 (share price as at 16 October 2026: \$17.35).

The CEO's annualised maximum LTI opportunity at stretch performance is 700% of base salary. The FY2026 grant covers five years of this annual opportunity.

The remuneration structure has been benchmarked against two comparator groups, a market capitalisation peer group of ASX entities and a group of 16 peer companies predominately located in North America. Members of these peer groups are not disclosed.

Details of the valuation of Rights (VWAP 26-8-25 to 31-12-25) and Options (Fair Value, priced at between \$4.36 and \$4.79) are provided in Section 6.2 of the Annual Report Notes.

CEO rem. Framework for FY26	Max. Opportunity* \$m	% of Total
Fixed Remuneration	2.5	12%
STI - Cash	0	0%
STI - Equity	0	0%
LTI annualised maximum opportunity	17.5	88%
Total	20.0	100%

*The Max LTI opportunity is set at 700% of the Fixed Remuneration.

While ASA is supportive of the long-term perspective of the framework, the use of options is a breach of ASA's major guidelines. Further, given that all awards are built on multiples of Fixed Remuneration our review of the amount of Fixed Remuneration finds it is excessive. Our review is hampered by the lack of disclosure of the peer group companies which Reece uses for benchmarking.