

**Reliance Worldwide Corporation Limited (ACN 610 855 877)**  
**Corporate Governance Statement**

The Board of Directors is responsible for the overall corporate governance of Reliance Worldwide Corporation Limited (“**the Company**”) and its controlled entities (together “**the Group**”). The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic objectives, plans and budgets of the Group. The Board is committed to protecting and optimising performance and building sustainable value for shareholders. In conducting business with these objectives, the Board seeks to ensure that the Group is properly managed to protect and enhance shareholder interests, and that the Group, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the Group’s business and that are designed to promote the responsible management and conduct of the Group.

The Australian Securities Exchange (“**ASX**”) Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations 3rd edition (“**ASX Recommendations**”) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are recommendations and guidelines only. This Corporate Governance Statement outlines the key aspects of the Company’s governance framework and governance practices which are consistent with the ASX Recommendations unless stated otherwise.

Details of the key policies and practices and the charters for the Board and each of its Committees are available on the Company’s website at [www.rwc.com](http://www.rwc.com).

**Principle 1 – Lay Solid Foundations for Management and Oversight**

The Board has adopted a written charter to provide a framework for its effective operation. The Board Charter sets out:

- the Board’s composition;
- the Board’s role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board’s role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Group’s strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its objectives and reviewing management performance;
- protect and optimise Group performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company’s Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company’s values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Group’s performance and major developments affecting its state of affairs.

The responsibilities and functions expressly reserved to the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (“**CEO**”);
- approving major changes and developments in the Group’s policies and procedures related to remuneration, recruitment, retention, termination and performance assessment for senior management;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management, internal control and ethical and legal compliance. This includes, at least annually, reviewing the Group’s risk management framework to satisfy itself that it continues to be sound and effectively identifies areas of potential risk;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

The management function is delegated by the Board to the CEO (and to other officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

The Company has a formal agreement in place with each Director setting out the terms of their appointment. Directors have rights of access to relevant Company documents, management and Company advisors to assist in the performance of their duties.

The process for selecting directors for appointment to the Board is overseen by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee undertakes appropriate checks on any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director. Details of the range of skills which the Board seeks to have are set out in the matrix contained under Principle 2. The Company will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. This information will be provided in the notice for the Annual General Meeting. Once appointed, the Nomination and Remuneration Committee oversees processes to support the director’s induction and ongoing education.

The Board is committed to reviewing the performance of non-executive directors and the Board as a whole. Annually, the Board, with the assistance of the Nomination and Remuneration Committee, will undertake a performance evaluation of individual directors, Board Committees, the CEO and the Board itself. A formal review process was not considered necessary during this reporting period as the current Board composition only commenced in April 2016 following a search to identify and appoint non-executive directors for the Company’s ASX listing. A formal review process is expected to be undertaken during the 2017 financial year. The Board intends seeking feedback from each of the directors, senior executives and also conduct a review of the performance of the Company overall.

Details of employment terms for executive Key Management Personnel are contained in the annual Remuneration Report. The first formal annual review and evaluation of the performance of senior executives following the Company’s listing on the ASX will occur during the 2017 financial year.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Board collectively and each Director individually has the right to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or the Board as a whole.

#### **Diversity Policy**

The Board has formally approved a Diversity Policy in order to, among other matters, address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. The Diversity Policy includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as an area of focus for the Company. Women represented 34% of employees at 30 June 2016.

As the Company only listed in April 2016, the Board is currently in the process of setting the measurable objectives for achieving gender diversity. Once set, these objectives and the Company's progress towards achieving them, will be disclosed in the Company's FY2017 Corporate Governance Statement. A copy of the Diversity Policy is available on the Company's website at [www.rwc.com](http://www.rwc.com). The policy sets out the manner in which the Company's diversity strategies will aim to achieve the objectives of the policy. The Board will have a focus on achieving a balanced representation of women on the Board and in senior positions over a reasonable transition period.

#### **Principle 2 – Structure the Board to add value**

The composition of the Board at the date of this report is:

Jonathan Munz, Non-executive Chairman  
 Heath Sharp, Managing Director and Chief Executive Officer  
 Russell Chenu, Independent, Non-executive Director  
 Stuart Crosby, Independent, Non-executive Director  
 Ross Dobinson, Independent, Non-executive Director

Details of the experience, qualifications and length of service of each current director are set out in the Directors' Report.

The Board comprises a majority of independent directors. A director is considered to be independent where he or she is independent of management and is free of any business or other relationship which could materially interfere with, or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgement. The Board Charter sets out guidelines to assist in considering the independence of Directors and the Board has adopted a definition of independence that is based on box 2.3 in the ASX Recommendations. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Non-Executive Director in light of information disclosed to it.

The Board considers that each of Russell Chenu, Stuart Crosby, and Ross Dobinson are independent for the purposes of the ASX Recommendations. Jonathan Munz is not considered to be an independent director as entities associated with the Munz family hold 30 per cent of the Company's issued ordinary shares. However, the Board considers that Mr. Munz is the most appropriate person to lead the Board as Chairman because of his extensive and unparalleled knowledge of the Company and its markets, growth prospects and management structure developed from a 30 year involvement with the Group's business. Heath Sharp is not independent as he is an executive.

The Board considers that a mix of skills, personal attributes and experience amongst its members is appropriate for the requirements of the Company and to maximise its effectiveness. The current Board composition provides the necessary experience and skills to meet the Company's current needs. This includes relevant business and industry experience, financial management and corporate governance knowledge. The skills matrix below sets out the mix of skills and diversity that the Board currently has and is looking to achieve in its membership.

<b>Strategic priorities/areas</b>	<b>Skills matrix</b>	
<b>Industry experience</b>	<ul style="list-style-type: none"> <li>Industry and market experience</li> <li>Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Understanding of manufacturing technology requirements and product development and innovation</li> </ul>
<b>Growth &amp; financial management</b>	<ul style="list-style-type: none"> <li>Business strategy, including identification of risks and opportunities</li> <li>Global experience relevant to the Group's operations and expansion plans</li> </ul>	<ul style="list-style-type: none"> <li>Financial acumen and reporting</li> <li>Debt and equity capital markets</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Board experience, including listed companies</li> <li>Corporate governance and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Social responsibility and sustainability</li> <li>Remuneration and human resources</li> <li>Succession planning</li> </ul>

### **Committees of the Board**

The Board has established the following Committees to assist in discharging its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee

Each Committee is governed by a charter setting out its duties and responsibilities. Copies of each charter have been placed on the Company's website. The number of times each Committee met throughout the reporting period and the individual attendances of the members at those meetings is outlined in the Directors' Report.

Each Committee is chaired by an independent director (who is not the Chairman of the Board), comprises three members all of whom are Non-Executive Directors and comprises a majority of independent directors.

Details of the Audit and Risk Committee are set out under Principle 4.

### **Nomination and Remuneration Committee**

The members of the Nomination and Remuneration Committee at the date of this report are:

- Stuart Crosby (chair);
- Ross Dobinson; and
- Jonathan Munz.

Details of the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report.

The responsibilities of the Nomination and Remuneration Committee include:

- reviewing and recommending to the Board remuneration and employment arrangements for the CEO and the Non-Executive Directors;
- reviewing and approving remuneration and employment arrangements for the CEO's direct reports;
- overseeing the operation of the Company's employee equity incentive plans and recommending to the Board whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act;
- reviewing and recommending to the Board the Remuneration Report prepared in accordance with the Corporations Act for inclusion in the annual Directors' Report;
- reviewing and facilitating shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices;
- assisting the Board in developing a Board skills matrix;
- reviewing and recommending to the Board the size and composition of the Board including reviewing Board succession plans;
- reviewing and recommending to the Board the criteria for nomination as a Director and the membership of the Board more generally;
- assisting the Board in relation to the performance evaluation of the Board, its Committees and individual Directors;
- ensuring that processes are in place to support Director induction and ongoing education and regularly reviewing the effectiveness of these processes;
- in accordance with the Diversity Policy, reviewing the measurable objectives for achieving gender diversity set by the Board on an annual basis and recommending any changes to the Board; and
- on an annual basis, reviewing the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of the Group.

### **Principle 3 – Act ethically and responsibly**

The Board recognises the need to observe the highest standards of ethics, integrity and behaviour. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its senior executives, employees and Directors to behave during the course of their employment in dealing with employees, suppliers and customers of the business. The key aspects of this Code are to:

- comply with all Company and Group policies, procedures, rules and regulations;
- be honest and fair in dealings with customers, clients, co-workers, Group management and the general public;
- protect from unauthorised use any information, records or other materials acquired during the course of employment with the Group; and
- respect the Group's ownership of assets and property.

A copy of the Code of Conduct is available on the Company's website.

The Board has approved governance policies to guide expectations for behaviour, actions and commercial relationships. These include:

- Continuous Disclosure Policy – refer Principle 5
- External Audit Policy – refer Principle 4
- Non-Audit Services Policy – refer Principle 4
- Diversity Policy – refer Principle 1
- Securities Dealing Policy – refer Principle 8

#### **Principle 4 – Safeguard Integrity in Corporate Reporting**

The members of the Audit and Risk Committee as at the date of this report are:

- Russell Chenu (chair);
- Ross Dobinson; and
- Jonathan Munz.

Details of the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report.

The Audit and Risk Committee's responsibilities include:

- overseeing the Company's relationship with the external auditor and the external audit function generally;
- overseeing the Company's internal audit function generally;
- overseeing the preparation of the financial statements and reports;
- overseeing the Company's financial controls and systems; and
- managing the process of identification and management of risk.

Non-Committee members, including members of management and the external auditor, may attend all or part of a meeting of the Committee at the invitation of the Committee chair.

The external auditor attends the Company's Annual General Meeting and is available to answer questions relevant to the conduct of the audit and the preparation and content of the auditor's report. The Company has an approved External Audit Policy which governs the appointment and assessment of the external auditor, auditor independence and rotation of the audit partner. The Company has also adopted a policy on non-audit services which may be provided by the external auditor. The external auditor is prohibited from providing services which would create a real or perceived threat to audit independence. The Audit and Risk Committee monitors compliance with the policy with delegated authority for approving non-audit services up to specified limits given to the Chief Financial Officer.

The Board receives the written declaration required by Section 295A of the Corporations Act prior to approving the Company's financial statements for a reporting period. The declaration includes statements from the CEO and the CFO (or their equivalents) that, in their opinion, the financial records have been properly maintained, the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

#### **Principle 5 – Make Timely and Balanced Disclosure**

The Company is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company has an obligation to keep the market fully informed of any information it becomes aware of concerning the Company, which may have a material effect on the price or value of the Company's securities, subject to certain exceptions.

The Company has adopted a Continuous Disclosure Policy which sets out procedures aimed at ensuring the Company fulfils its obligations in relation to the timely disclosure of material price-sensitive information. A copy of the Continuous Disclosure Policy is available on the Company's website.

A Disclosure Committee has been formed to oversee and monitor compliance with the Continuous Disclosure Policy. The Disclosure Committee comprises the Chairman, Chief Executive Officer, Chief Financial Officer and the Company Secretary. Responsibilities of the Disclosure Committee include:

- ensuring the Company complies with its continuous disclosure requirements;
- reviewing information which is brought to its attention to determine if there is a discloseable matter and, if so, whether any Listing Rule non-disclosure exception applies;
- overseeing and coordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public;
- establishing and maintaining the Company's disclosure policies and procedures and ensuring that there is an adequate system in place for the disclosure of all material information to the ASX and other authorities in a timely fashion; and
- educating management and staff on the Company's disclosure policies and procedures.

#### **Principle 6 – Respect the Rights of Security Holders**

The Company aims to communicate all important information relating to its shareholders in a timely manner. The Company also recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information through a range of forums and publications, including the Company's corporate website, shareholder meetings, ASX announcements, annual reports and presentations. The Company also has in place an investor relations program to facilitate two-way communication with investors.

The Board encourages the attendance and participation of shareholders at general meetings. Notices of meetings, including proposed resolutions, are issued in advance of meetings in accordance with legal requirements and allow for shareholders to send written questions to the Company's auditor.

The process for communicating with shareholders and other parties is documented in the Continuous Disclosure Policy. Shareholders have an option to receive communications electronically by providing relevant details to the Company's share registry. The website also contains a facility for shareholders to direct questions to the Company.

#### **Principle 7 – Recognise and manage risk**

The Audit and Risk Committee has been established to assist the Board and make recommendations on matters relating to its risk management responsibilities. Details of the Committee's composition are set out under Principle 4. The Committee's primary role with respect to risk management and compliance is to review and report to the Board that:

- adequate policies and processes have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

Management is responsible for the development and implementation of effective risk management and internal compliance and control systems based on the risk management policies adopted by the Board.

The Company's risk management framework is reviewed at least annually by the Committee to satisfy itself that the framework continues to be sound. A formal review process was not considered necessary during this reporting period as the Company only listed on the ASX in April 2016. The first formal review following the Company's listing on the ASX will occur during the 2017 financial year.

The Company is continuing to develop and expand its internal audit function. Internal audit functions may be provided by internal resources, an independent externally appointed provider or a combination of both. The role of the internal audit function is to evaluate and provide recommendations to improve the effectiveness of the Company's risk management, internal control and governance processes. The head of the internal audit function will provide reports to the Committee on progress and achievements against an approved internal audit work program.

#### **Economic, environmental and social sustainability risks**

##### *Economic sustainability risks*

The Group is exposed to economic sustainability risks associated with its business activities. Details of key economic sustainability risks and how these are managed are discussed in the Operating and Financial Review section of the Directors' Report.

##### *Environmental and social sustainability risks*

The Group has exposure to environmental and social sustainability risks. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. The manufacture of the Group's products involve heavy machinery and hazardous processes. There may be an incident or accident at a facility that results in serious injury or damage to property, which in turn may result in a penalty being imposed by a regulatory authority, an interruption of manufacturing operations, a worker's compensation claim, a work health and safety claim or a claim for damages. Such claims or events may not be covered by insurance or may exceed insured limits. They may also adversely impact business reputation. Any such occurrences could therefore adversely impact the Group's operations and profitability. The Group seeks to manage and minimise the impact of these risks through broad health and safety initiatives and initiatives such as minimising waste by recycling unused raw materials. Historically, the environmental impact of these processes has been minimal and the Company believes it meets current environmental standards in all material respects. Manufacturing operations have to date not been significantly affected by environmental laws and regulations.

The Group's operations and properties are subject to environmental protection laws and regulations, including those regulating air emissions, water discharges, waste management and disposal and workplace safety. If the Group were to breach or otherwise fail to comply with any such law or regulation, the cost of curing a breach or resolving associated enforcement actions initiated by government authorities could be substantial and may materially reduce the Group's profit in a given reporting period. The Group adopts appropriate risk management and internal control processes to minimise the risk of breaching these laws and regulations. The Company believes that it operates its business in compliance with all regulatory and government requirements including environmental, health and safety, workplace and related regulations. The Group carries out required procedures with the aim of ensuring compliance with all applicable safety and product performance regulations of its products.

The Group also actively participates in local communities and aims to support social issues and causes identified by its employees. Community involvement occurs through corporate donations, sponsorships, fund raising and employee participation.

#### **Principle 8 – Remunerate fairly and responsibly**

The Company has established a Nomination and Remuneration Committee. Details of the composition and responsibilities of the Committee are set out in Principle 2.

Details of the Company's key remuneration policies and practices, non-executive director remuneration and remuneration of executive directors and key management personnel are set out in the annual Remuneration Report. Details of the Company's long term incentive plan, which provides for equity based remuneration, are also set out in the Remuneration Report.

The Company's Securities Dealing Policy provides that equity received by senior executives under the long term incentive plan cannot be hedged prior to vesting. The Securities Dealing Policy is intended to explain the types of conduct in relation to dealings in securities that are prohibited by law and establish procedures for the buying and selling of securities that protect the Company, Directors and employees against the misuse of unpublished information, which could materially affect the price or value of the Company's securities. The policy sets out when and how dealing in the Company's securities may or may not occur. A copy of the policy is available on the Company's website.