



Reliance Worldwide Corporation Limited (ACN 610 855 877)
Corporate Governance Statement
Current at 26 September 2019

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 optimising performance and building sustainable value for shareholders. In conducting business with these objectives, the Board seeks to ensure that the Group is appropriately 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 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. 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. The ASX has released a 4th edition of its Corporate Governance Principles and Recommendations which will apply to the Company from the financial year commencing 1 July 2020 (“4th edition”). This Corporate Governance Statement does not specifically address the requirements of the 4th edition. The Company is assessing the requirements of the 4th edition to determine any impact on its governance framework and practices.

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.

This statement has been approved by the Board of Reliance Worldwide Corporation Limited and is current at 26 September 2019.

Board and management

The Board has adopted a written charter to provide a framework for its effective operation. The Board Charter sets out details of the Board’s composition, its role and responsibilities, the expected relationship and interaction between the Board and management, details of the responsibilities and functions expressly reserved to the Board and those authorities which are delegated by the Board to management and Board Committees. A copy of the charter can be viewed on the Company’s website.

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 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). A delegation of authority document has been approved by the Board. 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.

Appointment of Directors

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. The Company provides 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 is provided in the notice for the Annual General Meeting. Once appointed, the Nomination and Remuneration Committee oversees processes to support a director’s induction and ongoing professional development and training opportunities. Ongoing professional development and training activities for directors may include visits to operational facilities, new product demonstrations presented by the development team and management presentations.

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.

Structure of the Board and Director independence

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

Stuart Crosby, Independent, Non-executive Chairman
Heath Sharp, Managing Director and Group Chief Executive Officer
Russell Chenu, Independent, Non-executive Director
Ross Dobinson, Independent, Non-executive Director
Sharon McCrohan, 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, Ross Dobinson and Sharon McCrohan are independent for the purposes of the ASX Recommendations. Heath Sharp is not independent as he is an executive.

Board skills and experience

The Board seeks to have a mix of skills, personal attributes and experience amongst its members which is appropriate for the requirements of the Company and to maximise its effectiveness in meeting its responsibilities for corporate governance and oversight. 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.

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

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, undertakes a performance evaluation of individual directors, Board Committees, the CEO and the Board itself. A formal review was undertaken during July and August 2019 which took the form of a questionnaire seeking written feedback from each of the directors about the effectiveness and performance of the Board and its Committees. Analysis of the data indicates that the Board and Committees are considered to be operating effectively.

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 Board approved charter setting out its duties and responsibilities. Copies of each charter can be viewed on the Company’s website.

Each Committee is chaired by an independent director and comprises only independent Non-executive Directors. Details of the relevant qualifications and experience of the members of each Committee, the number of times each Committee met throughout the reporting period and the attendance of each Committee member at those meetings are set out in the Directors’ Report.

The members of each Committee at the date of this report are:

Audit and Risk Committee

- Russell Chenu (chair)
- Ross Dobinson
- Sharon McCrohan

Nomination and Remuneration Committee

- Stuart Crosby (chair)
- Ross Dobinson
- Sharon McCrohan

The Audit and Risk Committee’s responsibilities include overseeing the Company’s:

- relationship with the external auditor and the external audit function generally;
- internal audit function generally;
- preparation of the financial statements and reports;
- financial controls and systems; and
- process of identification and management of risk, including matters relating to taxation risk.

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.

Company Secretary

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 Company Secretary is responsible for coordination of all Board and Committee business, including agendas, meeting papers, minutes, communication with regulatory bodies and the ASX, and all statutory and other filings. The Company Secretary also supports the Board and its Committees on governance matters in conjunction with senior executives. All Directors have direct access to the Company Secretary.

Diversity

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. Diversity drives the Company's ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business. The Board has formally approved a Diversity Policy in order to 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 policy sets out the manner in which the Company's diversity strategies will aim to achieve the objectives of the policy. A copy of the policy is available on the Company's website at www.rwc.com.

The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. 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 Board, through the Nomination and Remuneration Committee, continues to have a focus on achieving a balanced representation of women in senior roles and on the Board. This includes a process of active assessment and recruitment of female representation on the Board.

The Company has submitted its Workplace Gender Equality Public Report for its Australian operations in compliance with the Workplace Gender Equality Act 2012 (Cth). A copy can be viewed at www.wgea.gov.au. The Group's total number of employees at 30 June 2019 was 2,342 of which 810 (34.5%) were female. Women are represented in professional and support roles across all departments.

Measurable Diversity Objectives

The following table sets out approved diversity objectives for FY2019, key plans for achieving those objectives and progress to date towards implementing the plans. These plans and objectives will continue to be pursued during the 2020 financial year.

Objectives	Plans	Progress to date
Promote a culture of diversity, inclusion and opportunity	<ul style="list-style-type: none"> ➤ Continuing focus on increasing female representation at Board and senior management level. ➤ Introduce an annual engagement survey to give all employees the opportunity to provide feedback on issues and potential barriers to a diverse and inclusive workplace. ➤ Consider documenting a formal workplace level inclusion and diversity policy. ➤ Consider establishing an inclusion and diversity council to focus on developing a strong pipeline of diverse talent. ➤ Introduce appropriate education and development programs to raise knowledge and understanding of the benefits of diversity practices. 	<ul style="list-style-type: none"> ➤ Continuing to review Board composition, including undertaking an active search for additional directors. ➤ RWC has partnered with a diversity consulting firm, to develop an inclusion and diversity road map. The consulting firm is holding diagnostic interviews with employees from all regions and levels of the organisation to gather their input for consideration into the build out of RWC's diversity road map. The roadmap is expected to define inclusion and diversity as being broader than only gender considerations. Recommendations are expected to be received by the fourth quarter of 2019. ➤ Inclusion and Diversity Council was established in August 2018. ➤ Updated Corporate values introduced which include integrity and inclusiveness. ➤ The Americas region piloted an Employee Engagement Survey in September 2018. A global roll out of the survey is expected to be undertaken in the next 12 months. ➤ Whistleblower program has been introduced, including an Ethics Hotline service and case management system. This program assists RWC in promoting a

		safe and inclusive workplace while providing employees with an avenue to speak up in confidence.
Recruitment and selection processes to seek out candidates from diverse backgrounds	<ul style="list-style-type: none"> ➤ Promote RWC as a diverse employer with an inclusive culture. ➤ Develop inclusive recruiting practices. 	<ul style="list-style-type: none"> ➤ Diversity Council is considering setting specific goals around recruiting, with an initial focus on executive appointments. For example, a minimum percentage to be included in the selection pool to comprise diverse candidates. Final selection will continue to be merit based.
Provide flexible work practices	<ul style="list-style-type: none"> ➤ Review the paid parental leave policies for each country. ➤ Track the percentage of females taking parental leave that return to work. ➤ Continue developing policies supporting and implementing defined flexible working arrangements. 	<ul style="list-style-type: none"> ➤ During FY2019, 24 employees commenced maternal (12), paternal (11) or shared parental leave (1). Five employees taking maternal leave have since returned to work, six remain on leave and there is one non-returning employee. All employees who took paternal or shared parental leave have returned to work. ➤ Workplace policies continuing to be reviewed for consistency. Now including John Guest policies. Differences in legislative requirements across countries.

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. Business must be conducted honestly and ethically, applying best skills and judgment, and for the benefit of customers, employees, shareholders and the Company alike. People should be treated with dignity and respect as part of creating an inclusive and supportive workplace. The key aspects of the Code of Conduct 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 key aspects of this code are reflected in policy handbooks provided to employees.

The Group recently embraced a new statement of vision and values. While the statement may be new, the commitment to upholding the Group's values is an enduring part of our culture. These core values embrace integrity, support, inclusiveness and accountability. The Group maintains an absolute commitment to ensuring its people always act in a manner that is consistent with all relevant laws, rules and regulations governing the workplace. Together these are designed to guide the way the Group does business on a daily basis and also the way people treat each other in the workplace. We believe that living these values every day delivers a more productive and effective workplace which assists us to recruit the level of talent we continually strive to bring into the Group.

In addition to the Code of Conduct, the Board has approved governance policies to guide expectations for behaviour, actions and commercial relationships. These include a Continuous Disclosure Policy, External Audit Policy, Non-Audit Services Policy, Diversity Policy and a Securities Dealing Policy. The Board has also approved a Tax Governance Framework which sets out the Company's approach to tax risk management and governance, tax strategy and dealing with revenue authorities in jurisdictions in which the Group has operations. The Group is committed to paying the correct amount of tax in jurisdictions in which it operates.

External Auditor

The Company's external auditor, KPMG, was appointed in 2016. KPMG representatives are invited to all meetings of the Audit and Risk Committee and receive the papers for each meeting. A KPMG representative attends the Company's Annual General Meeting and is available to answer questions from shareholders 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 certain non-audit services up to specified limits granted to the Group Chief Financial Officer.

KPMG provides an independence declaration which is included in the Directors' Report issued with each annual and half year financial report. The declaration states KPMG's view on whether or not it has contravened auditor independence requirements set out in the *Corporations Act 2001* or any applicable professional code of conduct in relation to the audit. KPMG's declaration for the year ended 30 June 2019 states its view that there have not been any such contraventions.

Continuous Disclosure obligations

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. 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. 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, Group Chief Executive Officer, Group Chief Financial Officer, Company Secretary and Head of Investor Relations. 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 disclosable matter and, if so, whether any Listing Rule non-disclosure exception applies;
- overseeing and coordinating disclosure of information to the 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.

Communicating with Shareholders

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 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 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.

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 external auditor where applicable.

Recognising and managing risk

The Audit and Risk Committee assists the Board with and makes recommendations on matters relating to risk management responsibilities. 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.

The Company's risk management framework is reviewed at least annually by the Committee to satisfy itself that the framework continues to be sound. 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. This includes having robust processes in place to identify and then manage key business risks. Progress reports on the Enterprise Risk Framework are presented to the Audit and Risk Committee for consideration.

The Board receives a written declaration from the CEO and CFO prior to approving the Company's financial statements for a reporting period. The declaration includes statements from the CEO and the CFO that, in their opinion, the financial records have been properly maintained and 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.

Internal Audit

An internal audit function has been established to evaluate and provide recommendations to improve the effectiveness of the Company's risk management, internal control and governance processes. Internal audit functions are provided by internal resources with assistance from an independent externally appointed provider where considered appropriate. The head of the internal audit function has direct access to the Chairman of the Audit and Risk Committee and provides 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 Material Business Risks section of the Directors' Report for the year ended 30 June 2019.

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 involves the use of 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 health and safety initiatives along with operational and product initiatives.

In terms of health and safety initiatives, the Group is committed to providing a safe and healthy workplace for all our employees and contractors. We aim for zero harm across the group. A robust health and safety management system is maintained which assists in the identification of potential issues and hazards and in the development of strategies and initiatives to mitigate the risk of harm. The Group's safety performance remains the highest priority and is regularly reviewed by management and the Board. During FY2019, we augmented the strength of our Group Operations team, with a clear remit on safety. We also added dedicated safety

personnel in each division, significantly increasing our experience and expertise in this critical area. Actions to further deliver improvements in health and safety performance in FY2020 will include increased safety leadership training, the implementation of near-miss and hazard reporting (an important leading indicator), development of higher standards for incident investigation and communication and the establishment of employee safety committees.

Historically, the environmental impact of our 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.

Operational initiatives undertaken by the Group in recent years include:

- working with equipment manufacturers to introduce more efficient production processes into next generation machinery;
- installation of LED lighting at manufacturing facilities and solar panels in some locations;
- focusing on recycling of unused raw materials to reduce wastage (for example, brass swarf is collected and returned to our suppliers to recycle back into new bars);
- recycling programs introduced to reduce landfill, including use of shrink-wrapping and cardboard recycling;
- implementing water recycling in assembly applications to reduce energy costs; and
- identifying better ways to ship products to reduce the number of deliveries leading to less transportation requirements and lower greenhouse emissions.

From a product perspective, the Group continues to develop and refine products that will mitigate potential water damage and wasted water, improve safety, wellbeing and energy efficiency (thereby reducing energy costs) and enable more effective and efficient installation and product operation. The Group invests extensively in research and development at facilities in Australia, the UK and the USA to achieve these aims. For example, the Streamlabs range has been developed specifically to mitigate water damage and wastage. Holdrite's range includes products which reduce water consumption and attenuate noise from pipe systems. The Group's range of water pressure, temperature and thermostatic mixing valves are intended to protect and safeguard hot water systems while creating safe and comfortable homes and workspaces.

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.

Further information on the Group's governance, operations, approach to social responsibility and involvement in communal activities is available on the Company's website.

The Company is in the process of preparing a social responsibility report for release during FY2020.

Remuneration

Details of the Company's key remuneration policies and practices, Non-executive Director remuneration, senior executive remuneration and the employment terms of executive Key Management Personnel are discussed 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 performance of Key Management Personnel and other senior executives during FY2019 has been subject to review and evaluation. Discussions have been held with relevant executives.

Dealing in Securities

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. Hedging of equity received by senior executives under the long term incentive plan is not permitted prior to vesting. A copy of the policy is available on the Company's website.