



**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 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.

This Corporate Governance Statement outlines the key aspects of the Company’s governance framework and governance practices which are consistent with the 3<sup>rd</sup> edition of the Australian Securities Exchange (“ASX”) Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Recommendations”) which were applicable for the reporting period. The Board continually reviews the Company’s governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments. As a result, many of the new suggestions contained in the 4<sup>th</sup> Edition of the ASX Recommendations are already embedded in the Company’s existing governance arrangements, as outlined in this Statement.

Details of key policies, 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).

This statement has been approved by the Board of Reliance Worldwide Corporation Limited and is current at 24 September 2020.

**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. The Board Charter review in FY2020 sought to reflect the new recommendations in the 4<sup>th</sup> edition of the ASX Recommendations. A copy of the charter can be viewed on the Company’s website.

The Board’s role is to demonstrate leadership and:

- 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 strategic 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 monitor compliance with the Company’s values and governance framework (including establishing and observing high ethical standards);
- keep shareholders informed of the Group’s performance and major developments affecting its state of affairs;
- approve the Company’s values and Code of Conduct; and
- monitoring corporate culture, as required under the 4<sup>th</sup> edition of the ASX Recommendations.

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 to assist in discharging their duties.

**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 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
- Christine Bartlett, Independent, Non-executive Director
- Russell Chenu, Independent, Non-executive Director
- Ross Dobinson, Independent, Non-executive Director
- Sharon McCrohan, Independent, Non-executive Director
- Ian Rowden, Independent, Non-executive Director

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

The Board comprises a majority of independent directors. The Board only considers a Director to be independent where he or she is free of any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party. The Board Charter sets out guidelines to assist in considering the independence of Directors. These guidelines are based on box 2.3 in the 4<sup>th</sup> edition of 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 Non-executive Director is independent in accordance with the definition adopted by the Board. 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 experience 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	
<b>General industry and sector experience</b>	<ul style="list-style-type: none"> <li>• Business strategy</li> <li>• Manufacturing and operations</li> <li>• Building products and materials</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of manufacturing technology requirements, product development, emerging technologies and innovation</li> </ul>
<b>Customer and market insights</b>	<ul style="list-style-type: none"> <li>• Sales strategies, including identification of risks and opportunities</li> <li>• International experience relevant to the Group's operations and expansion plans, with a focus on regions where the Group primarily operates (North America, Europe and Asia Pacific)</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of the Group's key distribution channels</li> </ul>
<b>Governance and Company oversight</b>	<ul style="list-style-type: none"> <li>• Board experience, including listed companies</li> <li>• Corporate governance and regulatory compliance</li> <li>• Stakeholder relations</li> <li>• Workplace health and safety</li> <li>• Understanding of capital and debt markets</li> </ul>	<ul style="list-style-type: none"> <li>• Social responsibility and sustainability</li> <li>• Remuneration frameworks and human resources</li> <li>• Succession planning</li> <li>• Financial acumen and reporting</li> </ul>

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 the second half of FY2020 which involved an evaluation by an independent firm specialising in providing board assessment and review services. The evaluation included interviews with, and a survey of, Board members, officers and members of management. The report contained recommendations to enhance Board performance under three key topics: strategic engagement, evolving Board capability and succession planning. The Board has reviewed and commenced implementing the recommendations.

**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. The Committee charters were updated in FY2020 in light of the 4<sup>th</sup> edition of the ASX Recommendations and 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 annual Directors' Report.

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

*Audit and Risk Committee*

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

### *Nomination and Remuneration Committee*

Christine Bartlett (chair)

Stuart Crosby

Ross Dobinson

Sharon McCrohan

All directors have a standing invitation to attend each Committee meeting and do attend from time to time.

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

- financial and other periodic corporate reporting. This includes reviewing the processes for verifying the integrity of any periodic report the Company releases to the market, including reports that are not audited or reviewed by the external auditor;
- relationship with the external auditor and the external audit function generally;
- relationship with the internal audit function;
- processes for identifying, assessing and managing financial and non-financial risk, including matters relating to taxation risk;
- internal controls and systems; and
- processes for monitoring compliance with laws and regulations.

The responsibilities of the Nomination and Remuneration Committee include:

- regularly reviewing and monitoring implementation of the Company's remuneration framework;
- 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 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 and reviewing the Board skills matrix;
- reviewing and recommending to the Board the size and composition of the Board including reviewing Board succession plans, including for the Chair and CEO;
- reviewing and recommending talent and succession plans to the Board more generally;
- 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;
- monitoring the processes 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, assessing progress 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 Chair, 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 and vice versa.

### **Senior executives**

The Board delegates the responsibility for the day-to-day management of the Company to the Managing Director, who is assisted by senior executives who report to him. The Company has a formal written agreement in place with each senior executive setting out the terms of their employment.

The performance of Key Management Personnel and other senior executives are assessed annually. The Group CEO's performance is assessed by the Board. The performance of other senior executives is assessed by the Group CEO and advised to the Board or the Nomination and Remuneration Committee. A performance evaluation for all senior executives, including the Group CEO, was undertaken in the reporting period in accordance with the process disclosed above.

### **Diversity and Inclusion**

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity and inclusion. 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 adopted 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 Company's overall vision for diversity incorporates several 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 policy sets out the manner in which the Company's diversity and inclusion strategies will aim to achieve the objectives of the policy. The policy can be viewed on the Company's website at [www.rwc.com](http://www.rwc.com).

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. During the past year, the Company advanced these objectives by increasing the representation of women within senior management and 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](http://www.wgea.gov.au). The Group's total number of employees at 30 June 2020 was 2,257 of which 37% were female. Women are represented in professional and support roles across all departments. There are currently two female Board members representing one-third of Non-executive Directors. The Senior Leadership team comprises seven people reporting directly to the Group Chief Executive Officer and contains one female member. The Company is reviewing how it defines senior executive roles as part of its measurable diversity objectives. In addition to these efforts, the Company undertook specific plans and objectives to address its diversity and inclusion goals as summarised in the tables below.

*Measurable Diversity Objectives*

The following tables present:

1. approved diversity objectives for FY2020, key plans for achieving those objectives and progress to date towards implementing these plans as at the end of June 2020; and
2. objectives for FY2021 which expand on the depth and scope of our objectives.

**Table.1: FY2020 review and status**

Measurable objective	Key plans	Progress at 30 June 2020
Promote a culture of diversity, inclusion and opportunity	<ul style="list-style-type: none"> <li>➤ Continuing focus on increasing female representation at Board and senior management level.</li> <li>➤ 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.</li> <li>➤ Consider documenting a formal workplace level inclusion and diversity policy.</li> <li>➤ Consider establishing an inclusion and diversity council to focus on developing a strong pipeline of diverse talent.</li> <li>➤ Introduce appropriate education and development programs to raise knowledge and understanding of the benefits of diversity practices.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Review of Board composition is a standing item for the Nomination and Remuneration Committee. Female representation at Board and senior leadership level was increased during FY2020.</li> <li>➤ RWC engaged an external firm to develop an inclusion and diversity road map. Interviews with employees from all regions and levels of the organisation were held to gather input for consideration in building RWC's diversity and inclusion road map. The roadmap defines inclusion and diversity as being broader than only gender considerations and reflects the updated vision and values introduced in FY2019. Recommendations to be implemented are reflected in our plans for FY2021.</li> <li>➤ Employee engagement surveys were undertaken in the Americas and APAC regions in September 2019. The surveys included inclusion and diversity questions. The results were reviewed to identify any variances between the regions. Actions to minimise differences form part of our FY2021 plans.</li> <li>➤ Education programs introduced in regions include training on diversity and inclusion practices.</li> <li>➤ Creation of Global and Regional Diversity and Inclusion Councils and Employee Resource Groups are underway and are expected to be completed in FY2021.</li> </ul>
Recruitment and selection processes to seek out candidates from diverse backgrounds	<ul style="list-style-type: none"> <li>➤ Promote RWC as a diverse employer with an inclusive culture.</li> <li>➤ Develop inclusive recruiting practices.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continuing to review our practices.</li> <li>➤ Each region adopts local equal opportunity practices and aims for at least one diverse candidate to be included in the final candidate list.</li> </ul>
Provide flexible work practices	<ul style="list-style-type: none"> <li>➤ Review the paid parental leave policies for each country.</li> <li>➤ Track the percentage of females taking parental leave that return to work.</li> <li>➤ Continue developing policies supporting and implementing defined flexible working arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Parental leave data is reviewed annually across all regions. During FY2020, 33 employees took maternal or paternal leave. To date, 18 employees have returned to work.</li> <li>➤ Flexible work arrangements for all employees across all regions is approved on a case-by-case basis</li> <li>➤ Workplace policies maintained which comply with local legislative requirements.</li> </ul>

**Table.2: FY2021 key plans**

Measurable objectives	Key plans
Promote a culture of diversity, inclusion and opportunity	<ul style="list-style-type: none"> <li>➤ Devise a general global plan to include a broadened definition of diversity for representation at Board and Senior Management level.</li> <li>➤ Launch and message diversity and inclusion under our RWC “Values in Action”.</li> <li>➤ Expand the depth and scope of the 2021 Employee Engagement Survey to cover all regions and improve the depth of analysis and enquiry into diversity and inclusion.</li> <li>➤ Document a revised and updated workplace level diversity and inclusion policy.</li> <li>➤ Establish global and regional inclusion and diversity councils to guide the implementation and alignment of the diversity and inclusion strategy (carried over from FY2020. See Table 1).</li> <li>➤ Formalise learning and development programmes and content for specific audiences and desired outcomes for awareness and action.</li> </ul>
Recruitment and selection processes to seek out candidates from diverse backgrounds	<ul style="list-style-type: none"> <li>➤ Introduce initiatives to drive measurable improvements in talent acquisition, management and retention strategy.</li> <li>➤ Document a formal recruitment policy by region that includes targeted unconscious bias training to hiring managers.</li> <li>➤ Analyse recruitment practice data through a diversity and inclusion lens.</li> </ul>
Provide flexible work practices	<ul style="list-style-type: none"> <li>➤ Review policies for global alignment as appropriate.</li> <li>➤ Align Americas and APAC tracking and reporting processes, with expansion to include EMEA.</li> <li>➤ Document a new formal flexible working policy, to include remote working policies following COVID-19.</li> </ul>

**Act ethically and responsibly**

The Company is committed to a high level of integrity and ethical standards in all business practices. A formal Code of Conduct has been adopted which outlines how the Company expects its senior executives, employees and Directors to behave in the course of their employment and in dealings with employees, suppliers and customers. Business must be conducted honestly, fairly 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 objectives of the Code of Conduct are to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company’s business reputation and corporate image within the community; and
- make Directors, senior executives and employees aware of the consequences if they breach the policy.

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. Material breaches of the Code of Conduct are reported to the Board, as required under the 4<sup>th</sup> edition of the ASX Recommendations.

The Group has a defined set of core values referred to as SPIRIT: simplicity, passion, innovation, reliability and integrity. Our commitment to upholding the Group’s values is an enduring part of our culture. 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, Securities Dealing Policy, Anti-Bribery and Anti-Corruption Policy and a Whistleblowing Policy. Material breaches of the Anti-Bribery and Anti-Corruption Policy are reported to the Board and material incidents reported under the Whistleblowing Policy are reported to the Audit and Risk Committee, as required under the 4<sup>th</sup> edition of the ASX Recommendations. 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**

KPMG was appointed as the Company’s external auditor 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. Lead audit partner rotation by KPMG occurred following completion of the FY2019 audit. 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 2020 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.

The Board receives copies of all material market announcements promptly after they have been made.

#### **Periodic Reports**

The Company has processes in place for reviewing the integrity of periodic reports which are released to the market. This includes periodic reports which are not audited or reviewed by the external auditor. These processes include presentations by persons responsible for drafting these reports to the Board or Audit and Risk Committee and seeking external advice where appropriate. This Corporate Governance Statement is an example of a periodic report which is not audited or reviewed by the external auditor.

#### **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 lodges any new and substantive investor or analyst presentations with the ASX ahead of any presentation. 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. All resolutions at Annual General Meetings are decided by a poll rather than a show of hands.

#### **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 responsibilities with respect to risk management and compliance include:

- overseeing and advising the Board on high-level risk related matters, including risk tolerance in determining strategy, as well as management of key financial and non-financial risks, including new and emerging risks;
- reviewing and making recommendations to the Board in relation to the risk appetite within which the Board expects management to operate, and whether any changes should be made;
- evaluating the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks; and
- reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies and the risk appetite that is appropriate for the Company.

The Company's risk management framework is reviewed at least annually by the Audit and Risk Committee to satisfy itself that the framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. The Audit and Risk Committee has undertaken a review of the risk management framework in FY2020.

The Company has adopted an enterprise risk management framework which covers financial and non-financial risks. The framework is overseen by a global management committee supported by regional committees. The role of these committees is to oversee and co-ordinate risk management activities. 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**

RWC issued its first social impact report in February 2020 ("Social Impact Report 2019"). The report can be viewed on the Company's website.

Running our business responsibly is vital to the Company's long-term future as decisions made can have important consequences for the economy, society and the environment. The Social Impact Report 2019 provides information on our approach to sustainability, identifies our material topics and how they are currently managed, our achievements and areas for improvement. The topics material to the Company are categorised into four groups: products, people, community & environment and governance.

#### *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 Directors' Report for the year ended 30 June 2020.

#### *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. Our Group Operations team has a clear remit on safety and we have dedicated safety personnel in each division. During FY2020 we increased safety leadership training, implemented near-miss and hazard reporting (an important leading indicator), developed higher standards for incident investigation and communication and established employee safety committees. We continue to work to improve our health and safety activities and our record in this area.

Historically, the environmental impact of our processes has been minimal and the Company believes it meets current environmental standards in all material respects.

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 seeks to operate 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. Please refer to the Social Impact Report 2019 for details of operational initiatives undertaken in recent years.

From a product perspective, the Group continues to develop and refine products that aim to 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. Many of our products have a sustainability objective at their heart. These include solutions that optimise energy consumption and innovations which make the use of water more efficient and less wasteful. We continue to develop technologies which seek to make the lives of our end users easier while at the same time making a positive impact on the environment. The Group invests extensively in research and development at facilities in Australia, the UK and the USA to achieve these aims.

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, products, approach to social responsibility and involvement in communal activities can be found in the Social Impact Report 2019 which can be viewed on the Company's website.

#### **Remuneration**

Details of the Company's remuneration framework, key 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.

#### **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 web