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Reliance Worldwide Corporation Limited

# Corporate Governance Statement

23 August 2021

## 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 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 4th edition of the Australian Securities Exchange (“ASX”) Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Recommendations”) unless otherwise stated. The Board continually reviews the Group’s governance policies and practices to confirm that they remain appropriate in light of changes in corporate governance expectations and developments. Board and Committee charters, governance policies and arrangements have been reviewed and updated where necessary to reflect the suggestions contained in the 4th edition of the ASX Recommendations.

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 23 August 2021.

### 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 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 risks 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.

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.

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### 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. 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. Professional development sessions for directors have been conducted by video conference since March 2020. These sessions were presented as a consequence of not being able to conduct site visits because of restrictions resulting from the COVID-19 pandemic. The sessions covered a range of topics, including strategic initiatives, operational matters and new product development.

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:

		<b>Appointed</b>
Stuart Crosby	Independent, Non-executive Chairman	11 April 2016
Heath Sharp	Managing Director and Group Chief Executive Officer	19 February 2016
Christine Bartlett	Independent, Non-executive Director	6 November 2019
Russell Chenu	Independent, Non-executive Director	11 April 2016
Darlene Knight	Independent, Non-executive Director	14 April 2021
Sharon McCrohan	Independent, Non-executive Director	27 February 2018
Ian Rowden	Independent, Non-executive Director	6 July 2020

Details of the experience and qualifications of each current director are set out in the annual Directors' Report and on the Company's website.

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 4th 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 matrix below sets out the mix of skills and diversity that the Board currently has and/or is looking to achieve in its membership.

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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. In 2020, the review involved an evaluation by an independent firm specialising in providing board assessment and review services. The report received contained recommendations to enhance Board performance under three key topics: strategic engagement, evolving Board capability and succession planning. The Board has implemented recommendations contained in that review. The 2021 review was undertaken in May using a comprehensive, externally managed online platform. The results of the review indicate that the Board and Committees are considered to be operating effectively and confirmed the progress being made following implementation of the 2020 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 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	Nomination and Remuneration Committee
Russell Chenu (Chair)	Christine Bartlett (Chair)
Sharon McCrohan	Stuart Crosby
Ian Rowden	Darlene Knight
	Sharon McCrohan

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

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.

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## 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 regularly assessed. 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. Performance reviews, which include setting annual key performance objectives, have been completed during 2021.

## Diversity and Inclusion (D&I)

The Company recognises that people are its most important asset and is committed to the continuous support and promotion of workplace diversity and inclusion. Diversity and inclusion 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. We also strongly believe that greater diversity and the broader experiences that brings to our business creates a higher level of innovation, a core value for RWC. The Company maintains a Diversity Policy that is focused on promoting gender equality and diverse representation at all levels in the Group, including senior management positions and on the Board. This year, the RWC Diversity and Inclusion vision was expanded to include the following dimensions: race, colour, religion, creed, national origin or ancestry, ethnicity, gender, age, sexual orientation, and physical and mental disability. With this vision, the Company aims to build an inclusive environment that is free of harassment, unlawful discrimination, bullying, and victimisation while integrating diversity and inclusion into its culture, talent and business strategies.

The Diversity Policy includes requirements for the Board to set measurable objectives relating to the dimensions of 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 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. The Group's total number of employees at 30 June 2021 was 2,314 of which 37% were female. Women are represented in professional and support roles across all departments. As a result of work done this year to classify all global leadership roles (as part of the Remuneration Framework Project), we established our diversity profile of women in leadership roles as our baseline from which we can track improvements going forward. The baseline is:

- Executive Leadership: 12%
- Management: 18%
- Professional: 30%

During the past year, the Company advanced the representation objectives by increasing the number of women on the Board. There are currently three female Board members, now representing 50% of Non-executive Directors. In addition, of the six member Senior Leadership team reporting directly to the Group Chief Executive Officer, one is female.

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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 FY2021, key plans for achieving those objectives and progress to date towards implementing these plans as at the end of June 2021; and
2. objectives for FY2022 which expand on the depth and scope of our objectives.

**Table 1: FY2021 review and status**

Measurable objectives	Key plans	Progress at 30 June 2021
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.</li> <li>▪ Formalise learning and development programmes and content for specific audiences and desired outcomes for awareness and action.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Global D&amp;I Plan containing annual objectives was created and communicated by senior management throughout the Group.</li> <li>▪ “Together, we are one Team” values message and branding was created and disseminated across the Group.</li> <li>▪ Employee Engagement Survey was expanded to all regions and adapted to include D&amp;I specific questions. D&amp;I inputs were measured for benchmarking.</li> <li>▪ D&amp;I policy revised to include expanded scope of D&amp;I dimensions and objectives with Board approval.</li> <li>▪ One Global and three regional D&amp;I councils established with mission statements, annual action plans and reporting.</li> <li>▪ Several Employee Resource Groups launched throughout regions.</li> <li>▪ Learning and Development programme was launched with initial training modules conducted in each region.</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>	<ul style="list-style-type: none"> <li>▪ Regional end to end process baselined, data benchmarking begun and evaluated. Results shared with region councils for planning purposes.</li> <li>▪ Region recruitment practices and policy status reviewed. Draft policy format, content and objectives considered.</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>	<ul style="list-style-type: none"> <li>▪ Enhanced programmes introduced by Region.</li> <li>▪ Consistent measurement system introduced across all Regions, including Volume of Flexible Workers, Maternity and Paternity Leave.</li> <li>▪ COVID-19 flexible work strategy communicated on regional basis.</li> </ul>

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**Table 2: FY2022 key plans**

Measurable objectives	Key plans
Promote a culture of diversity, inclusion and opportunity	<ul style="list-style-type: none"> <li>▪ Creation of an ESG Steerco that will drive D&amp;I Group strategy in alignment with overall ESG and Company objectives.</li> <li>▪ Foster D&amp;I values messaging through senior management communications and engagement.</li> <li>▪ Embed Regional Councils and expand Employee Resource Groups. Invest in and support groups to ensure success.</li> <li>▪ Continue to deploy an employee engagement survey with specific D&amp;I oriented questions to gauge program impact and employee engagement.</li> <li>▪ Continue to prepare an annual summary of D&amp;I activities to present within our ESG reporting.</li> </ul>
Recruitment and selection and retention processes to seek out candidates from diverse backgrounds.	<ul style="list-style-type: none"> <li>▪ Map out recruitment selection and retention processes (e.g. agency selection, candidate pools, interview techniques through D&amp;I lens) including measurable goals.</li> <li>▪ Develop new ways of working (e.g. explore diversity partnerships with targeted organisations).</li> <li>▪ Improve the percentage parental leavers that return to work to beyond the current level of approximately 88%.</li> <li>▪ Establish recruitment policies that align with D&amp;I objectives.</li> <li>▪ Continue the review and development of flexible work practices and policies.</li> </ul>
Build D&I awareness and education programme	<ul style="list-style-type: none"> <li>▪ Branding consistency and awareness through targeted content and engagement.</li> <li>▪ Establish a modular training programme with tailored suite of content.</li> <li>▪ Deliver initial core modules in all Regions.</li> <li>▪ Delivery method determined by Regional Councils based upon local demographics, colleagues and business goals.</li> </ul>
Report on diversity by leadership and professional roles	<ul style="list-style-type: none"> <li>▪ Improve or maintain current levels of gender diversity across the Board and leadership levels.</li> <li>▪ Set forward-looking gender diversity targets for all leadership levels and connect to the above recruiting processes.</li> <li>▪ Identify the high potential employees within the global organisation and, along with appropriate development plans, measure current level of diversity, track going forward and set targets for diversity and retention for their group.</li> </ul>
Evolve D&I planning to include tabular/metric driven reporting	<ul style="list-style-type: none"> <li>▪ Develop appropriate metrics for a range of areas including those listed below, to include current status and forward-looking targets.                             <ul style="list-style-type: none"> <li>- Employee engagement in total, and specifically in relation to D&amp;I</li> <li>- Training</li> <li>- Recruitment methodology</li> <li>- Parental leave return rate</li> <li>- Diverse leadership representation</li> <li>- Retention in total, and specifically in relation to high potential employees</li> </ul> </li> </ul>

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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 Company has also completed gender pay gap reporting as required by the UK government. The most recent report is available at [gender-pay-gap.service.gov.uk](http://gender-pay-gap.service.gov.uk).

### 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 required to be reported to the Board.

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. The Company has published a modern slavery statement which sets out actions taken to identify, assess and address modern slavery risks in our operations and supply chains. 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 last 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 2021 states its view that there have not been any such contraventions.

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### 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 Rules 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. Shareholders are advised that they can submit relevant written questions ahead of the meeting, including to the Company's external auditor. All resolutions at shareholder meetings are decided by a poll.

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## 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 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 Group is operating with due regard to the risk appetite set by the Board. The Audit and Risk Committee undertook a review of the risk management framework during FY2021.

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. Risks are managed in a proactive process with regular reviews and reporting at both region and Group levels. A standardised procedure to identify and classify risks across the organisation is in place. The Group's Enterprise Risk Management Policy and supporting procedures document contain details of the approved methodology, including risk classifications, ratings and tolerance levels. Progress reports 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 appropriate independent external advisors where required. 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

Our latest social impact report was released in January 2021 ("Social Impact Report 2020"). The report can be viewed on the Company's website. The Group's Social Impact Reports provide information on our approach to sustainability, identify 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.

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. As a manufacturer and distributor, we recognise that our operations have an environmental footprint and that we need to manage the social and environmental impacts of our supply chain. There may be climate related factors which impact our operations in both the near and longer term. For example, these impacts could be in areas such as availability and cost of materials used in our products or manufacturing processes, transport and/or occurrence of extreme weather events. We continue to assess our climate related business risks and how best to mitigate these. We have established an ongoing project to identify and capture emissions information and then set appropriate, practical targets and plans to achieve these. Material climate related risks identified will be incorporated into our enterprise risk management processes.

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### **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 contained in the 2021 Annual Report.

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

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 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 Operations leaders have a clear remit on safety and we have dedicated safety personnel in each division. Initiatives undertaken in recent years include increased safety leadership training, implementing near-miss and hazard reporting (an important leading indicator), developing higher standards for incident investigation and communication and establishing employee safety committees. We continue to work to improve our health and safety activities and our record in this area.

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 Group 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 our Social Impact Reports 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 having 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.

## CORPORATE GOVERNANCE STATEMENT

Additional information on the Group's approach to environmental and social sustainability risks, including climate related risks, is contained in the Directors' Report within the 2021 Annual Report.

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 our Social Impact Reports which can be viewed on the Company's website.

### **Remuneration**

Details of the Company's remuneration framework, key policies and practices, remuneration arrangements of Key Management Personnel, 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 long term incentive plans is not permitted prior to vesting. A copy of the Securities Dealing Policy is available on the Company's website.



**Reliance Worldwide  
Corporation Limited**  
28 Chapman Place  
Eagle Farm, QLD 4009

ACN 610 855 877