

RPMGlobal Holdings Limited

ACN 010 672 321

# Corporate Governance Statement

Year Ended 30 June 2019



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# Corporate Governance Statement **RPMGLOBAL**

## Corporate Governance Statement – Year Ended 30 June 2019

The Board and Management of RPMGlobal Holdings Limited (ASX:RUL) (the 'Company') consider that it is crucial to the Company's long term performance and sustainability and to protect and enhance the interests of the Company's shareholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which the Company and its related companies globally (the 'Group') will conduct its operations in Australia and internationally with integrity, accountability and in a transparent and open manner.

The Company regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation. This Corporate Governance Statement has been approved by the Board of RPMGlobal Holdings Limited and explains how the Group addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the [ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition'](#) (the 'ASX Principles and Recommendations') and is **current as at 30 June 2019**.

Whilst the Board has elected not to formally early-adopt the [4<sup>th</sup> Edition of the ASX Principles and Recommendations](#), the Board has reviewed and updated a number of its governance policies and procedures and has made a number of updates in readiness of full alignment with the 4<sup>th</sup> Edition from 1 July 2020, including:

- updating the RPM Board Charter to reflect the Board's involvement in 'defining, approving and then instilling and continually reinforcing RPM's culture, values of acting lawfully' and to oversee that on an ongoing basis;
- adopting and implementing a new standalone Whistleblower Policy including an express requirement that material incidents be reported to the Board should they arise;
- adopting and implementing a new standalone Anti-Bribery and Corruption Policy including an express requirement that material incidents be reported to the Board should they arise;
- adopting and implementing a new Anti-Modern Slavery Policy; and
- updating RPM's existing Code of Conduct (the 'Code') to include RPM's existing Core Values and referencing the updated Whistleblower, Anti-Bribery and Corruption and Anti-Modern Slavery Policies and implement a new Code of Conduct specifically applying to suppliers to RPM.

The Company's ASX Appendix 4G, is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in this statement, the Company's 2019 Annual Report and other relevance governance documents and materials on the Company's website, which are provided in the Corporate Governance section of the Company's website at <http://www.rpmglobal.com/about-us/investor-centre/corporate-governance/>. This Corporate Governance Statement together with the ASX Appendix 4G and the Company's 2019 Annual Report, were also lodged with the ASX on **23 August 2019**.

The Board of the Company strives to meet the highest standards of Corporate Governance, but recognises that it is also crucial that the Company's governance framework appropriately reflects the current size, operations and industry in which the Company operates.

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The Company has complied with the majority of recommendations of the ASX Principles and Recommendations with the exception of a few. The Board believes the areas of non-conformance, which are explained in this Corporate Governance Statement below and the ASX Appendix 4G, do not materially impact on the Company's ability to achieve the highest standards of Corporate Governance, whilst at the same time ensuring the Company is able to achieve the expectations of its shareholders and other stakeholders.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **Recommendation 1.1: Respective roles and responsibilities of the Board and Management together with the functions reserved to the Board and those delegated to Management**

#### Role of the Board

The Board is responsible for the governance of the Group. The role of the Board is to provide overall strategic guidance and effective oversight of Management. The Board derives its authority to act from the Constitution of the Company. The responsibilities of the Board are set out in the Board Charter which can be found on the Company's website [here](#).

The Board Charter was first adopted by the Board on 11 April 2008 and is reviewed periodically to ensure it is operating effectively and in the best interests of the Company. The Board Charter was last reviewed, updated and approved by the Board on 9 July 2019. As set out in more detail in the Board Charter, the key functions reserved to the Board are to:

- a) define, approve, instill and continually reinforce RPM's culture, values of acting lawfully and then to oversee that on an ongoing basis;
- b) oversee the Company, including its control and accountability systems;
- c) provide leadership and oversee the business and strategic direction of the Company in order to maximise performance and generate appropriate levels of shareholder return;
- d) appoint, evaluate and remove the Chairman, the Managing Director, any other Executive Director, the Company Secretary, and where appropriate, Senior Executives;
- e) provide input into and final approval of Management's development of corporate strategy and performance objectives;
- f) review the performance and implementation of corporate strategies by senior management and ensure that senior management have the necessary resources to do so;
- g) approve and monitor progress of major capital expenditure, capital management, acquisitions and divestments;
- h) review, ratify and monitor systems of internal controls, accounting and corporate reporting systems including external audit, risk management, codes of conduct, governance and legal compliance;
- i) approve and monitor annual budgets and strategic plans;

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### Recommendation 1.1: Respective roles and responsibilities of the Board and Management together with the functions reserved to the Board and those delegated to Management (Continued)

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- i) approve and monitor financial and other reporting of material information made to shareholders and the ASX under the continuous disclosure regime and ensure such disclosures are made in a timely and balanced manner;
  - k) ensure the Company provides the ASX Market Announcements Platform with a copy of presentation materials ahead of any new and substantive investors or analyst presentation;
  - l) remain up to date on material market announcements in accordance with the market disclosure regime;
  - m) ensure that the Company has an appropriate risk management framework in operation and setting the risk appetite within which the Board expects Management to operate;
  - n) approve the Company's remuneration framework and/or delegating that approval to an appropriate Committee of the Board to approve; and
  - o) monitor the effectiveness of the Company's governance practices.

The Board delegates specific responsibilities to various Board Committees. For the 2019 Financial Year, the Board utilised the following Committees:

- an Audit and Risk Committee, currently chaired by independent Director Ross Walker, which amongst other things is responsible for overseeing the external and internal auditing functions of the Company's activities; and
- a Human Resources and Remuneration Committee, currently chaired by independent Director Stewart Butel, which is responsible for making recommendations to the Board on remuneration packages for executives, senior managers, Non-executive Directors and overseeing the Human Resources policies of the Company.

The duties of the Nominations Committee are currently being carried out by the entire Board and as such separate meetings for the Nominations Committee did not occur during the 2019 Financial Year. The Charter of each of the above listed Committees can be found on the Company's website [here](#). The Charters of each of the above listed Committees were first adopted by the Board on 11 April 2008 and are reviewed periodically to ensure they are operating effectively and in the best interests of the Company. The Charters were last reviewed by the Board on 9 July 2019. Timetables for Board and Committee meetings are agreed by the Board annually in advance.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### Recommendation 1.1: Respective roles and responsibilities of the Board and Management together with the functions reserved to the Board and those delegated to Management (Continued)

#### Delegations to the CEO and the Executive Management Team

The Board is able to delegate any of the power and authorities exercisable by the Board to one director by virtue of the Company's Constitution. The Board has delegated certain powers and authorities to the CEO as Managing Director, and in turn to designated management personnel of the Company, to implement the strategic direction set by the Board and to manage the Group's day-to-day operations. This delegation is detailed in the Company's Delegation of Execution, Financial & Negotiation Authority Policy. The Policy:

- defines the delegations of authority for the negotiation, approval and execution of sales and other agreements on behalf of the Company;
- defines the delegations of authority for entering into of financial obligations and authorisation of expenditure on behalf of the Company; and
- provides guidelines on the circumstances and requirements on delegates when exercising those delegations including for sub-delegation.

This Policy is reviewed by the Board on a periodic basis to ensure appropriate levels of control and management of risk are retained by the Board and was last updated on 30 August 2018.

### Recommendation 1.2: Conduct appropriate checks before appointing Company Directors and provide shareholders with material information relevant to re-election decisions of the Company's Directors

Appropriate checks are undertaken by the Company's Human Resources department before new appointments are made, including through the use of telephone screening, in person interviews, employment history and character reference checks and criminal history checks for financial related positions. The composition of the Company's Board for the 2019 Financial Year was:

Director	Status	Professional Experience	Original Appointment date
A Brackin	Independent Director Non-executive Director Company Chairman Member - Audit & Risk Committee Member – HR and Remuneration Committee	Chairman, Non-executive Director. Allan joined the Board in November 2011. He has been involved in the technology industry for over 30 years at both executive and non- executive levels. Allan was formerly Director and Chief Executive Officer of Volante Group Limited from 2000-2004. From 1986 – 2000 Allan cofounded a number of IT companies which all became part of the Volante Group. Qualifications: Bachelor of Applied Science.  Other listed company directorships in last three years: Chairman of GBST Holdings Limited since 2005, Chairman of OptiComm Limited since 2014, Sensera Limited since 2018.	November 2011

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## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

**Recommendation 1.2: Conduct appropriate checks before appointing Company Directors and provide shareholders with material information relevant to re-election decisions of the Company's Directors (Continued)**

Director	Status	Professional Experience	Original Appointment date
R Mathews	Managing Director Chief Executive Officer (CEO) Member – HR and Remuneration Committee	Richard was previously the Non-executive Chairman and Chief Executive Officer of eServGlobal Limited. He has more than 20 years' of management experience in telecommunications, software and investment. He is a founding partner of MHB Holdings Pty Ltd. Richard was formerly CEO of Mincom, Australia's largest enterprise software company. Richard has also held the role of Senior Vice President, International at J D Edwards and Director of TransLink Transport Authority. Richard is a Director on the Telstra Health Pty Ltd Board, was Non-executive Chairman and Director of eServGlobal Ltd between 2009 - 2014 and also previously sat on the Board of METS Ignited. Qualifications: Bachelor of Commerce, Bachelor of Science and ACA. Other listed company directorships in last three years: None.	February 2012 (August 2012 in Executive capacity)
S Butel	Independent Director Non-executive Director Member - Audit & Risk Committee Member & Chairman – HR and Remuneration Committee	Stewart was appointed to the RPMGlobal Holdings Limited Board of Directors on 1 September 2018. Stewart is currently a Non-executive Director of Gladstone Ports Corporation Limited and Chairman of Stanmore Coal Limited and has over 40 years' experience in the Australian resources industry. Stewart was formerly Managing Director of Wesfarmers Resources and its associated boards where he retired in August 2016 following a 16-year tenure with the group having joined Wesfarmers Limited in June 2000. Qualifications: Bachelor of Science from the University of Newcastle, a Graduate Diploma in Business Studies from the University of New England and is a graduate of AICD and the Advanced Management Programme at Harvard Business School. Other listed company directorships in last three years: Chairman of Stanmore Coal Limited since 2018 and Director since 2017 and previously Non-Executive Director of DUET Group (ASX: DUE) which was delisted 16 May 2017 (Stuart was Director of DUET Company Limited and DUET Investment Holdings Limited until 16 May 2018).	September 2018
R Walker	Independent Director Non-executive Director Chairman of Audit & Risk Committee Member – HR and Remuneration Committee	Joined Pitcher Partners Brisbane (previously Johnston Rorke) in 1985, Managing Partner in 1995 – 2008 and again from 2014 – to-date. Predominantly involved in corporate finance, auditing, valuations, capital raisings and mergers and acquisitions for the past 20 years. Qualifications: Bachelor of Commerce and FCA. Other listed company directorships in last three years: Wagners Holding Company Limited since its IPO in December 2017.	March 2007

The Company ensures it provides shareholders with material information in its possession relevant to a decision by the shareholders to re-elect a Director. This information is provided to shareholders annually as part of the agenda and materials for the Company's Annual General Meeting.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### **Recommendation 1.3: Directors and Senior Executives have a clear understanding of their roles and responsibilities and have written agreements**

The Directors are engaged under, and the Company's Senior Executives are employed under, service agreements which set out the terms on which the individuals are appointed including details of their respective duties, responsibilities, rights and remuneration entitlements.

### **Recommendation 1.4: The Company Secretary is accountable to the Board through the Chair on all matters to do with the proper functioning of the Board**

The Company Secretary reports to the Board through the Chairman and all Directors have access to the Company Secretary as required. The Company Secretary's role in respect of matters relating to the proper functioning of the Board includes monitoring and advising the Board and its Committees on governance matters, providing a point of reference and coordination for dealings between the Board and management, monitoring whether Board policy and procedures are being followed, and co-ordination, timely completion and dispatch of Board agenda and briefing materials.

### **Recommendation 1.5: The Company has a policy concerning diversity, has set measurable objectives, and reports against those objectives**

In May 2012, the Board adopted a Diversity Policy to describe how the Company is committed to a diverse workforce that recognises and embraces the value that different people can bring to an organisation. The Company promotes a diverse workplace by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications and abilities irrespective of their gender, age, ethnicity, cultural background, marital status, sexual orientation and/or religious beliefs.

The Diversity Policy can be found on the Company's website [here](#).

The Diversity Policy is reviewed periodically by the Board to ensure it remains up-to-date and was last reviewed by the Board on 23 August 2019 with no changes proposed to the version last updated on 28 August 2017.

The Policy sets out the roles and responsibilities of the Board, the Human Resources and Remuneration Committee, and the Company's employees in relation to workplace diversity. The initiatives which have been adopted by the Company to assist with improving gender diversity are also set out within the Policy.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### Recommendation 1.5: The Company has a policy concerning diversity, has set measurable objectives, and reports against those objectives (Continued)

In accordance with the requirements of the Australian Workplace Gender Equality Act 2012 (Act), the Company lodges annual public reports with the Workplace Gender Equality Agency for the Company's Australian operations.

The latest report lodged by the Company for the 1 April 2018 to 31 March 2019 reporting period can be found on the Company's website [here](#).

At a Group level, as at 20 August 2019, of the 343 employees employed throughout the Group in full-time, part-time and casual employment, 24.5% (84) employees are female and 75.5% (259) are male.

Subject to an overriding objective that all appointments will be made on the basis of merit, the Company remains committed to achieving a measurable target for diversity and to improving the proportion of women employed across the Group. Accordingly, the Board resolved on 28 August 2017 to set a measurable objective of 25% of total Female employees across the Group by 30 June 2020.

Moreover, the Company undertakes to assess an individual's credentials on their merit, with complete objectivity and without bias so that the Company may attract, appoint and retain the best people to work within the company where all persons have equal opportunity

The following table details the proportion of female employees across the Group:

As at 20 August 2019	No.	%
Female Directors on the Board / Chief Executive	0 (of 4)	-
Female Key Management Personnel (KMP)	0 (of 3)	-
Female Other Executives (excl. KMP) at a CEO-1 level within the Company	1 (of 8)	12.5%
Total Female Employees across the Group	84 (of 343)	24.5%

In July 2019, the Board has adopted and implemented an 'Anti-Modern Slavery Policy' that reflects the Company's commitment to maintain and eliminate the risk of Modern Slavery acts from occurring within the organisation. The Policy also outlines the Company's compliance with the Modern Slavery Act 2018 (Cth) and Modern Slavery Act 2018 (NSW) (the "Acts").

The Acts prohibit any and all conduct that constitutes Modern Slavery, such as but not limited to: human trafficking, slavery, servitude, forced labour, debt bondage and forced marriage. The Company acknowledges and understands that serious penalties may be incurred and reputational damage may be a consequence if it encourages or engages in conduct constituting acts of Modern Slavery.

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## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

**Recommendation 1.5: The Company has a policy concerning diversity, has set measurable objectives, and reports against those objectives (Continued)**

The Anti-Modern Slavery Policy was first adopted by the Board on 9 July 2019 and can be found on the Company's website [here](#).

The Company, its related subsidiaries and group companies are required to adhere to the Acts and in doing so, must prepare and make public a Modern Slavery Statement within six (6) months of the end of each Australian Financial Year.

Each Modern Slavery Statement will describe:

- the risks of modern slavery practices in the operations and supply chains of the Company;
- the actions taken by the Company to assess and address these risks, including due diligence and remediation processes;
- the methods adopted by the Company to assess the effectiveness of these actions;
- the process of consultation with the Company's subsidiaries in relation to this Policy; and
- any other information that may be relevant.

The Board will review the Policy annually and if necessary, will amend it by way of resolution to ensure the Company remains transparent to the public about their current business practices.

**Recommendation 1.6: Periodic review and evaluation of the performance of the Company's Board, its committees and individual directors has occurred**

It is the responsibility of the Board and its Committees to review their performance (group and individual) annually to ensure that they are operating effectively and in the best interests of the Company.

The Company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. In place of a formal review process, the Board conducts an introspective annual discussion of its performance on a collective basis to identify general aspects of its performance that could be improved upon, and such analysis includes the roles played by each Board member. Such reviews therefore encapsulate collective discussion around the performance of individual Board members, their roles on specific projects during the Financial Year, and where relevant, how their role could be modified or suggestions for individual development or performance improvement for the future. Until such time as the company expands to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the company.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)**

### **Recommendation 1.6: Periodic review and evaluation of the performance of the Company's Board, its committees and individual directors has occurred (Continued)**

A comprehensive internal review of each Director of the Board and the Company Secretary in accordance with the above process was completed for the 2019 Financial Year.

The performance of the CEO has been assessed for the 2019 Financial Year in accordance with the process adopted by the Board. The assessment for the 2019 Financial Year was in accordance with the performance criteria set out in the Managing Director's employment contract including evolution and execution of strategy, meeting operational and financial targets.

### **Recommendation 1.7: Periodic review and evaluation of the performance of the Company's Senior Executives has occurred**

Finalisation of performance reviews for the Company's Executives for the 2019 Financial Year are currently underway.

Status of the performance reviews are reported to the HR and Remuneration Committee.

Both qualitative and quantitative measures are utilised consistent with KPOs set by the CEO in consultation with the key executives.

The Company's Constitution provides for a minimum of three (3) Directors and a maximum of eight (8) unless the Company in general meeting determines otherwise. The Board is of the view that the current size, capabilities and composition of the Board being limited to four (4) directors is appropriate and conducive to decision making for the current operations. The Board will consider appointment of another independent Director with the appropriate skills and experience to add value to the Board when appropriate and required to support the Company's operations.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

**Recommendation 2.1: The Board has established a Nominations Committee to address succession and ensure the Board has an appropriate balance of skills, knowledge, experience, independence and diversity necessary to discharge its duties and responsibilities effectively**

The Board is committed to ensuring that its members have a broad range of skills, experience and expertise necessary to maximise performance and ensure appropriate levels of shareholder return.

The Board has established a Nominations Committee with the primary objectives to assist the Board to discharge its responsibilities with regard to the following areas:

- overseeing the composition of the Board and competencies of Board members;
- providing recommendations of appointment and evaluation of the Managing Director;
- ensuring that appropriate procedures exist to assess the performance levels of the Chairman, Non-executive Directors, Executive Directors; and
- developing succession plans for the Board and overseeing development by management of succession planning for Senior Executives.

The Nominations Committee Charter can be found on the Company's website [here](#).

The Charter requires that a majority of members of the Nominations Committee must, as far as possible, be independent Non-executive Directors. The Chairman of the Nominations Committee is an independent Director. The current members of the Nominations Committee are the entire Board, so the Committee is not currently comprised of a majority of independent Directors.

The Board is currently of the view that the entire Board brings the appropriate mix of skills and experience to satisfy the responsibilities under the Committee's Charter. For that reason, the duties of the Nominations Committee are currently being carried out by the entire Board and as such separate meetings for the Nominations Committee did not occur during the 2019 Financial Year.

**Recommendation 2.2: The Board should disclose a board skills matrix setting out the mix of skills and diversity that the Company has or is seeking to achieve**

The skills, experience and length of appointment relevant to each Director are set out in Recommendation 1.2 above.

During the 2019 Financial Year the Board completed a skills matrix detailing the mix of skills and diversity that the Board aims to achieve in its membership. The current Board members represent individuals that have extensive industry experience as well as professionals that bring to the Board their specific skills in order for the Company to achieve its strategic, operational and compliance objectives. Each Director's suitability is determined primarily on the basis of their ability to deliver outcomes in accordance with the Company's short and longer term objectives to deliver value to shareholders.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

**Recommendation 2.2: The Board should disclose a board skills matrix setting out the mix of skills and diversity that the Company has or is seeking to achieve (continued)**

A summary of the skills and diversity that the Board has identified as relevant to Directors appointed to the Board and as set out in the Board Skills Matrix are as follows:

RPMGlobal Board Skills Matrix	
<b>Industry Knowledge</b>	
Mining	
Technology	
Consulting	
International Business	
<b>Geographical Knowledge and/or Experience</b>	
Australia	
ASIA	
Americas	
Africa	
Europe	
Russia/CIS/Middle East	
<b>Specific Technical Knowledge and/or Experience</b>	
Information Technology, Software and Intellectual Property	
Financial Literacy	
Investor Relations	
Capital Management	
Overseeing internal/external audit	
Legal	
Risk Management including overseeing risk management framework	
Marketing	
External Stakeholder Management	
People and Culture	
Strategy Development and Implementation	
Economic, environmental and social sustainability risks	
New / Disruptive Technologies	
Experience with setting and managing executive remuneration frameworks	
<b>Industry Experience - Prior Roles</b>	
Prior Experience working within Technology Company	
<ul style="list-style-type: none"> <li>Identify whether Non-Executive Position, MD (Executive) Position, Other Executive/Leadership Position</li> <li>Technical Roles and Experience (if yes specify nature of role(s))</li> </ul>	
Prior Experience with Consulting/Advisory/Engineering Company	
<ul style="list-style-type: none"> <li>Identify whether Non-Executive Position, MD (Executive) Position, Other Executive/Leadership Position</li> <li>Technical Roles and Experience (if yes specify nature of role(s))</li> </ul>	
Prior Experience with Mining Services / Mining Supply Related Company	
<ul style="list-style-type: none"> <li>Identify whether Non-Executive Position, MD (Executive) Position, Other Executive/Leadership Position</li> <li>Technical Roles and Experience (if yes specify nature of role(s))</li> </ul>	
Prior Experience with Mining Company	
<ul style="list-style-type: none"> <li>Identify whether Non-Executive Position, MD (Executive) Position, Other Executive/Leadership Position</li> <li>Technical Roles and Experience (if yes specify nature of role(s))</li> </ul>	
Prior Experience on Boards or Committees of Industry / Governmental / Regulatory / Council Bodies / Panels (for example Minerals Council, JORC Committee, METS Boards, Government Advisory Panels etc)	
<b>Professional Qualifications</b>	
Bachelor Level (Business, Other Complementary Bachelor Degrees (Engineering, IT, Law etc.)	
MBA	
Other (including Post Graduate GIA/AICD etc).	
<b>Soft Skills / Behavioral</b>	
Leadership	
Setting and implementing Strategic Objectives of a Company	
Setting and implementing Business Transformation and Change	

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## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

**Recommendation 2.3: The Board should disclose the independence of Directors, factors relevant to assessing that independence and the length of service of each Director**

Director	Status	Factors Relevant to Independence	Length of Service
A Brackin	Independent Director Non-executive Director Company Chairman Member of Audit & Risk Committee Member – HR and Remuneration Committee	The Board has assessed that Mr Brackin's current shareholding in the Company (which does not constitute a substantial holding within the meaning of the Corporations Act) does not impact on Mr Brackin's independence.	7 Years (originally appointed November 2011)
R Walker	Independent Director Non-executive Director Chairman of Audit & Risk Committee Member – HR and Remuneration Committee	The Board has assessed that Mr Walker's current shareholding in the Company (which does not constitute a substantial holding within the meaning of the Corporations Act) does not impact on Mr Walker's independence. The Board is of the view that Mr Walker's independence has not been compromised by his longstanding tenure as a Director of the Company (which is currently just over 12 years).	12 Years (originally appointed March 2007)
S Butel	Independent Director Non-executive Director Member - Audit & Risk Committee Member & Chairman – HR and Remuneration Committee	The Board has assessed Mr Butel as being an independent Director.	1 Year
R Mathews	Managing Director Chief Executive Officer (CEO) Member – HR and Remuneration Committee	As the Company's current Chief Executive Officer, Mr Mathews is <b>not</b> able to be an independent Director.	7 Years (originally appointed in February 2012 (August 2012 in Executive capacity)

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## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

### Recommendation 2.4: A majority of the Board should be independent Directors

The names of the Directors of the Company in office at the date of this report which the Company considers to be independent are set out in Recommendation 2.3 above.

The Board is committed to ensuring that there will be at least four (4) Directors on the Board and that a majority of those Directors should be Non-executive Directors and, as far as possible, at least two (2) will be independent Directors.

When determining the independent status of a Director, the Board has considered the factors detailed in Box 2.3 of the ASX Principles and Recommendations and as detailed in Recommendation 2.3 above, the Board has determined, on an individual by individual basis, that each of the three (3) Directors designated as independent Directors in Recommendation 2.3 above (Allan Brackin, Stewart Butel and Ross Walker) satisfy all of the above criteria. In addition, the Board comprises a majority of Non-executive Directors and only one Executive Director.

Following Mr Butel's appointment, the Board presently comprises a majority of independent Directors able to make quality and independent judgements in the best interests of the Company on all relevant issues and the absence of a strict majority of independent Directors is not an impediment to the Company's operations or the interests of its shareholders.

The Non-executive Directors understand the benefits of conferring regularly with and without management present, and do so.

The Board is also committed to ensuring that all Directors, whether independent or not, bring an independent judgment to bear on Board decisions. To facilitate this, the Board has agreed on a procedure for Directors to have access, in appropriate circumstances, to independent professional advice at the Company's expense.

### Recommendation 2.5: The Chair of the Company should be an independent Director and not the CEO

It is a requirement of the Company's Board Charter that the Chair should be an independent Director. The Board is satisfied that the Company's Chairman, Allan Brackin, is, and has been throughout the year, an independent Director. The Chairman and the CEO roles are performed by different persons.

### Recommendation 2.6: The Company should have an induction program for new Directors and provide opportunities for professional development

The Company's Human Resources and legal department completed an induction program upon Mr Butel's appointment and would do so for any future appointments should they occur.

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## PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Board continually assesses the need for continued professional development of each independent Director as and when necessary to support the Board and Company's operations. The Board fully supports a strong commitment to ethical and responsible decision making.

### Recommendation 3.1: The Company has a Code of Conduct

The Company has established a Code of Conduct Policy setting out the standards of ethics and conduct to which all Directors, Executives and employees within the Group must adhere whilst conducting their duties.

The Code of Conduct Policy can be found on the Company's website [here](#). First adopted by the Board on 11 April 2008, it is reviewed periodically to ensure it remains up-to-date and in the best interest of the Company. The Code was reviewed on 9 July 2019 and was updated at that time. The Company's Code of Conduct is underpinned by RPM's Core Values and sets out a number of overarching principles of ethical behaviour and, among other things, requires Directors, executives and employees to:

- a) act with high standards of honesty, integrity, fairness, equity and personal integrity;
- b) comply fully with the content and spirit of all laws, legislation and regulations which govern the Company's operations, its business environment and its employment practices;
- c) not directly or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting business;
- d) not divulge any information about the Company without appropriate authorisation;
- e) not participate in insider trading by using knowledge not generally available to the market to gain unfair advantage in the buying or selling of the Company's securities;
- f) not knowingly participate in any fraudulent, corrupt, illegal or unethical activity;
- g) not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or prejudice the performance of professional duties;
- h) not take advantage of their position or the opportunities arising therefrom for personal gain; and
- i) report any possible improprieties in financial reporting, internal control or other matters covered by the Code.

The Managing Director in conjunction with the EGM Human Resources ensures that all employees are made aware of all procedures and policies on induction and on an ongoing basis to ensure any necessary reporting steps are undertaken. The Company is committed to ensuring that employees may raise concerns regarding illegal conduct or unethical behaviour and will support employees who report violations in good faith. RPM will not act to the detriment of any employee as a consequence of them raising any breach of law, concerns about possible improprieties in financial reporting, internal control or other matters including any violation of the Code. All reports received will be thoroughly investigated and any necessary action taken.

## **PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING (CONTINUED)**

### **Recommendation 3.1: The Company has a Code of Conduct (Continued)**

The Company has introduced a standalone Code of Conduct applicable specifically to suppliers who provide services and goods to RPM. The Policy was first adopted by the Board on 9 July 2019 and a copy of the policy can be found [here](#).

### **(4th Edition ASX Principles and Recommendations - 3.3) Whistleblower Policy**

The Company has introduced a standalone Whistleblower Policy which can be found on the Company's website [here](#). The Policy was first adopted by the Board on 9 July 2019 and complies with the 4th Edition of the ASX Principles and Recommendations. The Whistleblower Policy aims to:

- a) outline the protections available to Whistleblowers;
- b) outline the method and procedure for reporting serious wrongdoing or unethical conduct;
- c) outline the information about how the Company will support Whistleblowers and protect them from detriment; and
- d) describe how the Company will investigate any reports of serious wrongdoing or unethical conduct.

The Policy aligns with the Company's Core Values detailed in the Code of Conduct in order to ensure that any person who is to report or raise concerns regarding serious wrongdoing or unethical conduct will be treated fairly and without any detriment. The Company recognises that whistleblowing can be a stressful and difficult thing to do and so it strives to have the appropriate mechanisms in place to support and protect those whistleblowing. The Board is responsible for reviewing this Policy annually going forward.

### **(4th Edition ASX Principles and Recommendations - 3.4) Anti-Bribery and Corruption Policy**

The Company recognises the serious civil and criminal penalties that may be incurred and the reputational damage that may be inflicted on the Company if it engages in fraudulent, corrupt or collusive activities, which is why it has implemented a standalone Anti-Bribery and Corruption Policy. The Policy aligns with the 4th Edition of the ASX Principles and Recommendations. The Anti-Bribery and Corruption Policy can be found on the Company's website [here](#), and it was first adopted by the Board on 9 July 2019. The Policy:

- a) sets out the responsibilities of the Company and its Personnel when encountering or observing conduct involving Bribery or Corruption;
- b) provides information and guidance on how to recognise and deal with conduct involving Bribery or Corruption; and
- c) provides a framework for reporting any actual or suspected conduct of Bribery or Corruption.



# Corporate Governance Statement **RPMGLOBAL**

## PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING (CONTINUED)

### (4th Edition ASX Principles and Recommendations - 3.4) Anti-Bribery and Corruption Policy (Continued)

The Company's new starter's will undertake training on this Policy as part of their induction process, and all existing Personnel will receive regular updates on this Policy via the Company's intranet. In this training, all Personnel are encouraged to report any actual or suspected breaches of this Anti-Bribery and Corruption Policy in accordance with the Company's current Whistleblower Policy. The Board is responsible for reviewing this Policy annually going forward.

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### Recommendation 4.1: The Board has an Audit Committee of at least three members, chaired by an independent Director (who is not chair of the Board), with a documented charter that met during the 2019 Financial Year

The Board has established an Audit and Risk Committee. The primary purpose of the Audit and Risk Committee is to assist the Board to discharge its responsibilities with regard to:

- monitoring and reviewing the effectiveness of the control environment in the Group in the areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting; and
- providing an independent and objective review of financial and other information prepared by management, in particular that to be provided to members and/or filed with regulators.

Further, the Audit and Risk Committee leads the review of the performance of the external auditors and sets the procedures for both the selection and appointment of external auditors and the rotation of external audit engagement partners.

During the 2019 Financial Year, the Committee consisted of three (3) independent Non-executive Directors, with Mr Ross Walker as Chairman. The Committee retains the unrestricted right of access to executive management including the Chief Financial Officer and Group General Counsel and Company Secretary as required. The Committee is chaired by Mr R Walker who is not the Chairman of the Board. The current composition of the Audit and Risk Committee during the FY2019 year was:

Director	Status
R Walker	Independent Director, Non-executive Director Chairman of Audit and Risk Committee, Member of HR and Remuneration Committee
A Brackin	Independent Director, Non-executive Director, Company Chairman Member of Audit and Risk Committee, Member of HR and Remuneration Committee
S Butel	Independent Director, Non-executive Director Chairman & Member of HR and Remuneration Committee, Member of Audit and Risk Committee

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

Each Director has an appropriate knowledge of the Company's affairs and has the financial and business expertise to enable the Committee to discharge its mandate effectively. The members of the Committee have direct access to employees, external auditors and financial and legal advisers with and without management present (as required).

The Audit and Risk Committee's formal Charter, which complies with the ASX Principles and Recommendations, can be found on the Company's website [here](#).

The Audit and Risk Committee Charter was adopted by the Board on 11 April 2008 and is reviewed periodically to ensure it is operating effectively and in the best interests of the Company. The Charter was last reviewed and updated by the Board on 9 July 2019.

The Audit and Risk Committee meets as often as required. Attendance at Audit and Risk Committee meetings during the 2019 Financial Year was as follows:

	Audit and Risk Committee	
	Attended	Held
R Walker	4	4
A Brackin	4	4
S Butel	3 *	3 *

\* Stuart was appointed as a Director on 1 September 2018.

The Company Secretary is the secretary of the Committee and was present at all meetings during the Financial Year. The Audit and Risk Committee keeps minutes of its meetings and includes those minutes with the materials for the next full Board Meeting.

### Recommendation 4.2: the Board receives CEO and CFO declarations prior to approving financial statements

The Board has received declarations from the Managing Director and the CFO pursuant to s295A of the Corporations Act which state that the financial statements are founded on sound risk management and internal controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

### Recommendation 4.3: The Company ensures that its external auditor attends its AGM and is available to answer questions from security holders

The Board ensures that its external auditors attend the Company's Annual General Meeting and that appropriate time is allowed for questions from security holders to be made to the auditors at that meeting.

The Company does not publish on its website the procedures for the selection and appointment of external auditors, and for the rotation of external audit engagement partners. The Company has had no need to formalise these procedures at this stage, although it recognises the potential benefits to developing such procedures should the size and/or operations of the Group require that to occur.

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## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

### Recommendation 5.1: The Company has a written policy for complying with its continuous disclosure obligations

The Board supports continuous disclosure consistent with the ASX Principles and Recommendations. The Company's Board approved a Continuous Disclosure Policy and Market Disclosure Guidelines which are designed to ensure that:

- shareholders have equal and timely access to material information concerning the Company; and
- Company announcements are clear, concise, factual and balanced.

A copy of the Continuous Disclosure Policy and Market Disclosure Guidelines can be found on the Company's website [here](#). The Continuous Disclosure Policy and Market Disclosure Guidelines were adopted by the Board on 30 October 2008 and are reviewed periodically to ensure they remain up-to-date and in the best interests of the Company and Shareholders. The Policy was last reviewed and updated by the Board on 9 July 2019.

The Board has overall responsibility for ensuring compliance with the Continuous Disclosure Policy and Market Disclosure Guidelines. The Board has established a Disclosure Committee, currently consisting of the Chairman, the Managing Director and the Company Secretary, to assist the Board in ensuring compliance with the Continuous Disclosure Policy and Market Disclosure Guidelines. The Disclosure Committee in turn appoints reporting officers, and those officers are required to:

- immediately disclose any material information which may need to be disclosed; and
- ensure awareness of and compliance with the Continuous Disclosure Policy and Market Disclosure Guidelines.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

### Recommendation 6.1: The Company provides information about itself and its governance to investors via its website

The Company operates a dedicated section of its website to investor relations <https://www.rpmglobal.com/investor-centre>. Within the investor section of the Company's website, users can navigate to view:

- the Company's Corporate Governance materials including this statement, the Board and Committee Charters and governance policies;
- current and historical (up to three years) ASX announcements for the Company;
- current and historical annual reports, financial results announcement and presentations and Annual General Meeting materials;
- the names and biographical details for the Company's Board - <https://www.rpmglobal.com/about/our-people>; and
- the names, photographs and biographical details for the Company's Senior Executives - <https://www.rpmglobal.com/about/our-people>

### Recommendation 6.2: The Company's communications with Shareholders

Shareholder communication is conducted in accordance with the Company's [Continuous Disclosure Policy](#) and the Company's [Shareholder Communications Policy](#). The Company's Shareholder Communication Policy was adopted by the Board on 30 October 2008 and is reviewed periodically to ensure it remains up-to-date and in the best interests of the Company and Shareholders. The Policy was last reviewed on 9 July 2019.

### Recommendation 6.3: Processes to facilitate and encourage participation at shareholder meetings

Shareholders are encouraged to attend and actively participate at General Meetings. The Company's Directors and the Chairmen of all Committees plus senior management will be present at each Annual General Meeting to answer shareholder questions. The Company's auditor is also present at each Annual General Meeting to answer any shareholder questions. Shareholders that are unable to attend meetings are able to exercise their right to ask questions about the Company by submitting those to the Company ahead of time and are able to appoint a proxy to vote on their behalf.

### Recommendation 6.4: Electronic communication with the Company and its share registry

Shareholders are able to interact with the Company electronically through the Company Secretary (email to [companysecretary@rpmglobal.com](mailto:companysecretary@rpmglobal.com)) and are able to elect to receive shareholder communications electronically from the Company's share registry managed by Computershare.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

### Recommendation 7.1: The Company's Board and Audit and Risk Committee oversees risk and establishes policies for the oversight and management of material business risks

The Board understands the importance of maintaining a sound and practical system of risk oversight and management and internal control. Ultimate responsibility for risk management rests with the Board, however the Audit and Risk Committee is tasked with responsibility to ensure all areas of risk relevant to the Company are managed appropriately.

The Audit and Risk Committee's formal Charter, which complies with the ASX Principles and Recommendations, can be found on the Company's website [here](#).

The specific responsibilities of the Audit and Risk Committee relevant to management of risk as set out in the Charter include reviewing and reporting to the Board that:

- the Company's ongoing risk management program effectively identifies all areas of potential risk;
- adequate policies and procedures 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 Group faces a wide variety of risks due to the nature of its operations and the regions in which it operates including commercial risks, legal risks, compliance risks and financial risks. The Group has a number of policies adopted by the Board that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Delegations of Authority policy;
- Workplace Health and Safety policies;
- Code of Conduct policies;
- Securities Trading Policy - in respect of trading in Company shares by the Group's Directors, executives and employees. The Policy can be found on the Company's website [here](#). The Company's Securities Trading Policy was adopted by the Board on 30 October 2008 and is reviewed periodically to ensure it remains up-to-date and in the best interests of the Company and Shareholders.

At a management level, risk is managed by the Company's Group General Counsel in conjunction with the Chief Executive Officer. The Board maintains oversight on risk with operational, financial and legal reports provided to the Board at each meeting to highlight and address areas of risk and concern.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK (CONTINUED)

### **Recommendation 7.2: the Board or its committee reviews the Company's risk management framework**

Whilst a formal ERM Policy is not currently actively utilised by the Company, the Board and management remain committed to diligent risk management and the Board has reviewed the risk management process employed by management during the 2019 Financial Year and remains of the view that those processes, which are actively managed by the Company's Group General Counsel in conjunction with the Chief Executive Officer and supplemented by regular reporting to the Board at each meeting, are suitable and appropriate to manage risk for the Company in its current size and operations.

### **Recommendation 7.3: The Company does not have a dedicated internal audit function however deploys other processes to evaluate and improve risk management and internal control**

The Company does not currently have a dedicated internal audit function. The Directors have assessed a need to establish an internal audit function this year and are of the view that sufficient internal control mechanisms currently exist in the Company without the necessity for a dedicated internal audit function. The responsibility for management of risk and internal controls on a day-to-day basis lies with the Company's Chief Financial Officer and Group General Counsel with regular reporting and oversight by the Chief Executive Officer, the Audit and Risk Committee, the Board and the Company's external auditors. Necessary action is taken to protect the integrity of the Company including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of Company assets.

The Board will continue to assess the appropriateness of these internal functions to meet the Company's internal control and risk management obligations and should the Company's operations require it, will at the appropriate time, consider forming a dedicated internal audit function.

### **Recommendation 7.4: The Company's exposure to economic, environmental and social sustainability risks**

As a global business with operations in twelve (12) countries, the Board recognises the importance of being aware of how the operations of the business impact on a range of stakeholders including shareholders, employees, customers, suppliers, creditors, consumers, governments and the local communities in which the Company operates and the mechanisms needed to ensure sustainable longevity in the Company's operations.

As a supplier to the mining industry, the Board understands that the Company's operations are subject to wider economic, environmental (including climate change), governmental and social sustainability requirements that are outside of the direct control of the Company, or its Board and management. The Board mitigates these risks by actively monitoring the resources industry, and where necessary adapting the operations of the business to meet the changing requirements of the industry and the economic, environmental and social environment in which it operates and in doing so endeavours to create and preserve value for the Company's stakeholders in the short, medium and long term.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board recognises that remuneration is a key focus for investors and that the Company needs to ensure a balance between attracting high quality personnel and the remuneration and incentives payable by the Company to those personnel and to align remuneration with Company performance.

### Recommendation 8.1: The Board has established a Human Resources and Remuneration Committee

The Company has established a Human Resources and Remuneration Committee (the 'HR and Remuneration Committee') to assist the Board in establishing appropriate remuneration levels for the Group's employees. The HR and Remuneration Committee, among other things:

- assists the Board in setting remuneration, recruitment, retention, development and termination policies for Senior Executives;
- recommends to the Board remuneration packages for Executive Directors;
- recommends to the Board a remuneration framework for Directors and all employees in the Group; and
- recommends to the Board appropriate superannuation arrangements.

A copy of the HR and Remuneration Committee Charter can be found on the Company's website [here](#). The HR and Remuneration Charter was adopted by the Board on 30 October 2008 and is reviewed periodically to ensure it is operating effectively and in the best interests of the Company. The Charter was last reviewed on 9 July 2019. The Committee is comprised of three (3) independent Directors. The Chairman of the Committee is an independent Director. The current composition of the Committee is:

Director	Status
S Butel	Independent Director, Non-executive Director Chairman & Member of HR and Remuneration Committee, Member of Audit and Risk Committee
A Brackin	Independent Director, Non-executive Director, Company Chairman Member of Audit and Risk Committee, Member of HR and Remuneration Committee
R Walker	Independent Director, Non-executive Director Chairman of Audit and Risk Committee, Member of HR and Remuneration Committee
R Mathews	Managing Director, Executive Director, Chief Executive Officer (CEO) Member of HR and Remuneration Committee

The HR and Remuneration Committee meet as often as required. Attendance at HR and Remuneration Committee meetings during the 2019 Financial Year was as follows:

	HR and Remuneration Committee	
	Attended	Held
A Brackin	1	1
R Walker	1	1
R Mathews	-	-
S Butel	1	1

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## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY (CONTINUED)

### Recommendation 8.1: The Board has established a Human Resources and Remuneration Committee (Continued)

The Company Secretary is the secretary of the Committee and was present at all meetings during the Financial Year. The HR and Remuneration Committee maintains minutes of its meetings and includes them with materials for the next full Board Meeting.

### Recommendation 8.2: Policies and practices with respect to remuneration of Non-executive Directors, Executive Directors and management

The Company clearly distinguishes the structure of Non-executive Director remuneration from that of Executive Directors and Senior Executives.

Non-executive Directors are paid a set fee as agreed by the Board annually, and do not receive performance based fees or retirement benefits. The remuneration of Non-executive Directors is not more than the aggregate fixed sum determined by the Company's shareholders in a general meeting.

The remuneration structure for Executive Directors and Senior Executives is balanced between fixed salary and incentive schemes that are designed to align as closely as possible with the Company's short term and long term objectives.

The Remuneration Report provides a detailed disclosure of Non-executive Directors, Executive Directors and Senior Executives in accordance with reporting obligations.

There is not any scheme for retirement benefits, other than superannuation, for Non-executive Directors.

### Recommendation 8.3: equity based remuneration schemes and hedging risks

The Company currently operates a Long Term Incentive Employee Share Option scheme which was last approved by shareholders at the Company's Annual General Meeting in November 2016.

The Company operates a Securities Trading Policy (copy [here](#)) and a Margin Loan Policy (copy [here](#)) which are applicable to Senior Executives and employees who are also shareholders in the Company.

As detailed in the Company's Security Trading Policy, Directors, Officers and employees of the Company are not permitted to enter into transactions in products associated with the Company's securities which operate to limit the economic risk of their security holding in the Company (e.g. hedging arrangements). This extends to any hedging arrangements or other such transactions in respect of rights under any equity based remuneration plan or scheme.