

## ASX Announcement

11 October 2023

### Proposed LTI award to Chief Executive Officer

Reliance Worldwide Corporation Limited (ASX: RWC) provides the following additional information on the FY2024 Long Term Incentive ("LTI") proposed to be awarded to its Chief Executive Officer, Heath Sharp, subject to shareholder approval. The information is presented following feedback on the quantum and service period only components of the proposed grant when compared with Australian based and listed peer companies.

RWC's current remuneration framework, including the rTSR and EPS performance vesting criteria for LTI awards, has been in place since 1 July 2021 and been endorsed by shareholders through voting on the 2021 and 2022 Remuneration Reports with over 99.5% of votes in favour in each year.<sup>1</sup>

RWC disclosed in 2022 that the Board's Nomination and Remuneration Committee ("NRC") had observed that, since entering into a new employment agreement with Mr. Sharp in August 2021, the remuneration market for CEOs in the USA had moved significantly, particularly for LTI awards. The Company stated that it intended to review Mr. Sharp's remuneration arrangements during FY2023 focusing on, but not limited to, his LTI opportunity. That review expanded into a broader review of the remuneration framework resulting in several changes to RWC's LTI framework. The extensive review undertaken by the NRC included engaging US and Australian based external consultants to provide advice on structure and benchmarking analysis.

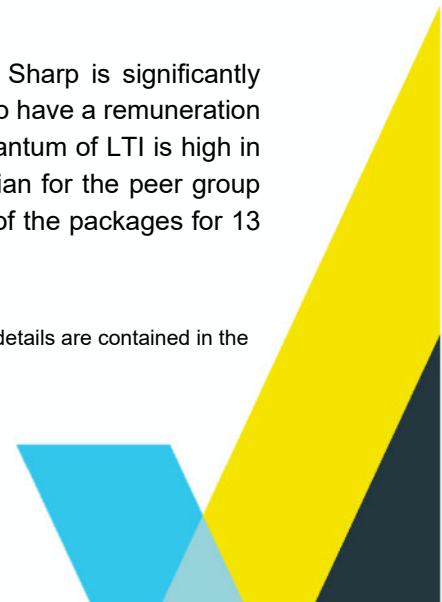
Key factors considered by the NRC in approving these changes included:

- RWC is predominantly a US business whose shares are listed on the ASX;
- The group currently generates over 70% of external revenue from its Americas business in addition to having major manufacturing and distribution facilities in North America. Only about 10% of external revenue is currently generated in the Asia Pacific region;
- 75% of senior executives and other leaders are based in the Americas, including Mr. Sharp who has lived in the US since 2007;
- The vast majority of senior roles within RWC, other than regional roles, will be filled from the US employment market. Having US competitive employment terms is vital to recruiting and retaining talent; and
- Benchmarking analysis against a peer group of 16 building materials companies (all NYSE listed) and 14 of which are US based.

As a result of this review, it is proposed that the quantum of LTI for Mr. Sharp is significantly increased and an element of service period only stock has been introduced to have a remuneration package which is appropriately market competitive in the US. While the quantum of LTI is high in an Australian context, it is consistent with the scale regressed market median for the peer group CEOs.<sup>2</sup> Although service period only stock is unusual in Australia, it is part of the packages for 13 of the 16 peer group CEOs.<sup>2</sup>

1 rTSR means Relative Total Shareholder Return; EPS means Earnings per Share. Further details are contained in the Notice of Meeting for the 2023 Annual General Meeting dated 20 September 2023.

2 Source: Pay Governance LLC



Seventy five percent of the proposed LTI award is subject to achievement of performance conditions. Significant over performance against various targets is required to be achieved before the maximum amount of the proposed grant will vest. The Board believes that challenging stretch performance targets have been set.

The resolution to approve the proposed grant will be considered by shareholders at RWC's Annual General Meeting to be held on 26 October 2023. The Board, other than Mr. Sharp, is seeking shareholder support for the resolution to approve the proposed LTI grant to ensure that RWC's CEO remuneration package remains market competitive.

Shareholders are reminded that proxy voting closes at 11.00am Sydney time on Tuesday 24 October 2023.

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The Board, other than Mr. Sharp who has an interest in this matter, authorised this announcement for release.

