Fleetwood Limited

Tax Risk Management and Governance Policy

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Overview

This policy sets out Fleetwood Limited's (**Fleetwood**) approach to tax risk management and governance in order to ensure tax affairs are managed in an appropriate and timely manner.

Tax Risk Management

Tax risk is the risk that Fleetwood's tax affairs have been misstated and/or incorrectly reported to the Australian Tax Office. Tax risk management is about having policies in place to identify and mitigate risks.

This policy covers three main categories of risks: transactional, operational and compliance.

Transactional Tax Risk Management Policy

Transactional tax risks are associated with unusual and less routine material transactions. The tax function must be involved in the planning, implementation and documentation of transactional tax risks for:

- All business and share acquisition and disposals
- All changes in corporate structure
- All cross-border arrangements
- All significant business transactions
- All significant new processes affecting tax compliance

A detailed assessment of the tax risk should be carried out by the tax manager and presented to the CFO and the CEO and Board if required. Risk assessment should include but not be limited to:

- A full description of the issue including a clear summary statement of the facts
- Reference to tax legislation to support conclusions
- Identify whether a second opinion has been obtained from external advisers for material transactions
- An assessment of the financial costs and benefits of all potential scenarios
- An assessment of the probability of the risk crystallising
- Recommendations

The level of authorisation and decision making is as follows:

Risk	Materiality Level	Level of Authorisation
Low Risk	$0.1m	Tax Manager
Medium Risk	$0.1m-$1m	Tax Manager plus second opinion from external advisers
High Risk	$1m+	Tax Manager plus second opinion from external advisers and CFO approval

Operational Tax Risk Management Policy

Operational tax risk concerns the underlying risks of applying the tax laws, regulations and decisions to the routine everyday business operations. Fleetwood manages operational tax risk by:

- Providing regular training to front line staff that cover topics in corporate tax, indirect tax and transfer pricing.
- Regular testing of its accounting system to ensure financial data is accurately recorded and allocated.
- Monitoring group transfer pricing transactions regularly to ensure all cross-border transactions are priced at arm's length.
- Reviewing group fixed asset registers regularly to ensure asset lives are consistently applied to new additions and follow ATO rulings or are being reasonably self-assessed.
- Promoting openness between the ATO and business units.

Compliance Tax Risk Management Policy

Compliance risks are the risks associated with meeting an organisation's tax compliance obligations. Fleetwood is fully committed to complying with all tax regulations and disclosure requirements. This requires that:

- All tax compliance work papers are prepared by highly trained capable professionals, which are reviewed by the tax manager. Any review comments should be documented.
- Consideration of the risk scale on all material (over $0.1m) positions taken in the tax return must be supportable in terms of documentation and legal interpretation. A second opinion from an external adviser should be sought for transactions with uncertainty in tax law application.
- A reconciliation work paper should be prepared to explain the significant differences between financial statements and tax returns. The tax manager should prepare a memorandum to the Board explaining these differences.
- Tax personnel should monitor changes in relevant tax laws and practices, and undertake regular training in order to assess any impact to Fleetwood. The tax manager is responsible to report any associated material tax risks to the CFO//CEO and Board.
- Tax disclosures should be prepared by qualified tax professionals, and be reviewed by the tax manager and external advisers.
- The tax manager must submit all lodgements by their due date in line with tax law requirements.
- The tax manager must ensure all related documents for tax return calculations are properly kept in line with tax law and ATO guidelines.

Key Roles and Responsibilities

Board

The major roles and responsibilities of the Board under this policy include:

- Endorsing and overseeing a tax risk management policy that provides guidance on how tax risks are identified and managed within the business. Ensuring that all key tax controls, policies and procedures are documented and adhered to via regular monitoring, testing and maintenance.
- Understanding and setting out director/executive roles and responsibilities clearly for tax risk management.

- Taking a conservative approach to tax planning and the assessment and management of risk.
- Ensuring that tax risks are considered as a part of the overall commercial assessment of transactions.
- Meeting all tax compliance obligations in accordance with tax law and within the prescribed due dates.

Management

The major roles and responsibilities of Fleetwood’s management are to:

- Define and clearly document roles and responsibilities of staff, management, and the Board.
- Build and maintain a tax function with adequate capacity and capability.
- Transactions with a significant tax impact are identified and reported to the Board.
- Ensure that information systems process and store financial data accurately such that tax data is correctly calculated, allocated, recorded and reported.
- Transaction records are kept as prescribed by tax laws and ATO guidelines.
- Document procedures that specifically ensure Fleetwood’s compliance with tax laws.
- Have procedures in place to explain significant differences between financial statements and tax returns.
- Ensure that tax disclosures have been accounted for properly and disclosed correctly in the relevant tax return.
- Regularly review and update the tax risk management policy and procedures to reflect law and administration changes.