

## Corporate Governance Statement

This statement explains how the Board oversees the management and corporate governance of Fleetwood Corporation Limited (**Fleetwood** or **Company**). The main policies and principles adopted by the Company are summarised below. Details of the key policies and principles and the Board Charter and each of its committees are available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

This statement is current as at 28 September 2018 and has been approved by the Board of Fleetwood.

### ASX RECOMMENDATIONS

The ASX Corporate Governance Council has developed corporate governance principles and recommendations for ASX-listed entities (**ASX Recommendations**) in order to promote confidence and assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, the Company is required to provide the statements below, disclosing the extent to which it has followed the ASX Recommendations. To the extent ASX Recommendations have not been followed, this statement sets out the reasons for non-compliance.

### BOARD AND MANAGEMENT

#### Role of the Board and the Managing Director

The Board is responsible for the corporate governance structures and practices of the Company and its subsidiaries (**Group**). The Board Charter sets out the matters reserved to the Board. Under the Board Charter, the Board's responsibilities include:

- setting the strategic direction of the Group and monitoring implementation of the strategy;
- selecting and appointing the Managing Director, determining conditions of service and monitoring performance;
- approving the conditions of service and monitoring performance of the Chief Financial Officer, Company Secretary and other senior executives;
- monitoring financial outcomes and the integrity of reporting;
- setting limits of authority for committing to expenditure, entering into contracts or acquiring businesses;
- ensuring effective audit, tax, risk management and compliance systems are in place;
- ensuring the Group has appropriate corporate governance structures in place, including standards of ethical behaviour; and
- ensuring the Board is and remains appropriately skilled to meet the changing needs of the Group.

The Board delegates responsibility for managing the day-to-day operations of the Group to the Managing Director. In carrying out these responsibilities, the Managing Director must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. The Managing Director is supported by senior executives who report directly to him.

### Board Composition and Independence

The Board determines its size and composition subject to limits imposed by the Company's constitution.

The Board is currently comprised of three non-executive Directors and an executive Managing Director.

Mr. Campbell, appointed in August 2016, who is the Chairman, Mr. Dowling, appointed in July 2017, who is the Chair of the Audit Committee and Remuneration Committee, and Ms. Parker, appointed in August 2017, who is the Chair of the Nominations and Diversity Committee are independent non-executive Directors who are free of any business or other relationship, interest or association which could interfere with the exercise of their judgment. Mr. Denison, who was appointed Managing Director in August 2014, is not independent as he is employed by the Company.

### Company Secretary

The Company Secretary is directly accountable to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning. Each of the directors have unfettered access to the Company Secretary and to other senior executives and officers.

### Board Skill and Experience

The Board is responsible for the Board's succession planning, the appointment of new directors and continuing professional development of directors. In doing so, it has regard to the balance of skills, diversity, experience and expertise needed to support the Company in achieving its strategy and meeting its regulatory and legal requirements.

The key skills and experience that comprise the matrix include.

Director Skill and Experience	
Leadership	Accounting and Finance
Strategy	Banking
Financial Acumen	Sales and Marketing
Risk Management	Governance
Legal and Regulatory	ASX Company Experience
Industry Experience: Construction and Manufacturing	People

To the extent that any skills are not directly represented on the Board, they are supplemented by management.

Details of the members of the Board, their experience, expertise and qualifications are described in the Annual Report and are also located on the Company's website.

### Director Appointment and Election

The Nominations and Diversity Committee assists the Board with the selection and appointment of directors and in doing so, ensures that appropriate background checks are undertaken prior to putting any candidate forward for election.

Newly appointed directors participate in an induction program which includes the provision of Company due diligence documents, meetings with executives and management, site visits to key operations, and discussions with other directors. The induction program introduces the director to the financial, strategic, operational, and risk management systems, as well as the culture and values of the Company.

The duties and responsibilities of newly appointed directors are described in an offer letter and or employment contract. The

Company also has written agreements with each senior executive setting out the terms of their appointment.

With the exception of the Managing Director, directors are elected for three years and must retire from office no later than the third Annual General Meeting or three years following the Director's last election or appointment, whichever is last to occur. Retiring directors are not automatically re-appointed however are eligible for re-election. Any director who has been appointed during the year must stand for re-election at the next Annual General Meeting.

### Performance Assessment

The Company has processes in place to review the performance of directors, senior executives, and the Board.

The assessment and monitoring of the Managing Director is undertaken annually by the Chairman and discussed with Board members. The Managing Director's performance is evaluated by reference to the overall performance of the Company together with relevant key performance indicators and period specific objectives.

The Chairman is responsible for monitoring the contribution of the directors. The Board plays a similar role in respect of the Chairman's performance.

The Board undertakes an annual performance review of itself that compares its performance to the requirements of the Board Charter.

The assessment and monitoring of senior executives is undertaken annually by the Managing Director, in consultation with the Board. Executive performance is evaluated by reference to the financial results of the applicable operating company, relevant key performance indicators and period specific objectives.

During the reporting period the performance of the directors, senior executives and the Board was reviewed as described above.

### Director Access and Education

Subject to privacy requirements directors have unrestricted access to Company records and information, senior executives and officers. Directors receive regular detailed reports on financial and operational aspects of the Company and may request elaboration or explanation of those reports at any time. The directors have the right to seek independent professional advice at the Company's expense at any time.

Directors and senior management are encouraged to expand and enhance their knowledge of the Company's business by keeping abreast of developments in business generally by attending relevant industry and professional development seminars. The Company meets expenses of such activities.

### Nominations and Diversity Committee

The Nominations and Diversity Committee comprises the full Board. Ms. Parker is the chair of the Nominations and Diversity Committee.

The Nominations and Diversity Committee Charter provides further details regarding the Committee's primary duties, running of meetings and the process followed in the appointment of new directors.

The Nominations and Diversity Committee Charter requires the committee to meet as and when required and it held two meetings during the year. Details of the directors' attendance at the Nominations and Diversity Committee meetings is set out in the Directors' Report.

The Nominations and Diversity Committee Charter is available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate->

Governance.

### Audit Committee

The Audit Committee comprises the full Board. All members have appropriate business and financial expertise. The chair of the Audit Committee is nominated by the Board and is not the Chairman of the Board. Mr. Dowling is chair of the Audit Committee.

The Audit Committee oversees the adequacy of the accounting, tax and financial policies and controls of the Company. The committee holds discussions with management, external auditors, and seeks assurance on compliance with relevant regulatory and statutory requirements.

In exercising its oversight role, the Audit Committee may investigate any matter relevant to its Charter, and each member has the right to seek independent professional advice at the Company's expense.

The Audit Committee assists the Board in relation to risk management by reviewing compliance in the areas identified as most sensitive to risk by the Board.

The Audit Committee reviews and reassesses its Charter annually and recommends any changes necessary to the Board. The Audit Committee Charter requires the committee to meet at least four times during the year. Details of the directors' attendance at the Audit Committee meetings is set out in the Director's Report.

The Audit Committee's Charter is available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance->

### Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of Board members, executives and key management personnel. All non-executive directors are members of the Remuneration Committee, with all members being independent of the Company and management. Mr. Dowling is the chair of the Remuneration Committee.

During the year the Remuneration Committee reviewed, amongst other matters:

- conditions of service and remuneration of the directors, executives, and key management personnel;
- remuneration policies of the Group;
- proposals for new issues under, or changes to, the Company's long term incentive plans; and
- succession plans for senior management.

The Remuneration Committee has authority to seek independent legal, financial, remuneration or other advice it considers necessary to achieve its objectives and fulfil its responsibilities. In doing so it may invite external consultants and/or executives to its meetings to seek input on the Group's remuneration policies, however no senior executive is directly involved in deciding their own remuneration.

The Remuneration Committee reviews its Charter annually, and recommends any changes it considers necessary to the Board. The Remuneration Committee's Charter is available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance->

Details of the directors' attendance at the Remuneration Committee meetings is set out in the Directors' Report.

Further information regarding the Remuneration Committee, the

remuneration framework for directors and senior executives, as well as details of the remuneration practices and policies of the Group, are set out in the Directors' Report in the Annual Report under the heading "Remuneration Report".

## **CORPORATE REPORTING AND RISK MANAGEMENT**

### **Risk Management**

The Company is committed to the identification, monitoring and management of material risks (including economic, environmental and social sustainability risks) associated with its business activities. The Company's risk framework is based on International Standard ISO 31000:2009 and forms the basis for the Company's risk management activities.

The Company manages its operations as autonomous divisions. Management of each division is required to design and implement risk management policies and internal control systems, based on the Company risk management framework, to mitigate and manage the material risks of the division. Key financial risks, together with management's approach to mitigating those risks are outlined in the Annual Report. Other risks, such as social sustainability and environmental risks, if and when they arise, are identified and managed within the Group risk management processes.

During the reporting period, the effectiveness of the internal control systems of each division in mitigating and managing the material risks were periodically reported to and reviewed by the Audit Committee.

The Group Risk Management Policy, and Environmental Policy are available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

### **External Auditors**

The Company's external auditor is requested to attend the Annual General Meeting and be available to answer shareholders' questions about the audit and the preparation and content of the audit report.

### **Internal Audit**

The Company does not have a formal internal audit function. The Audit Committee monitors the need for an internal audit function having regard to the size and complexity of operations.

In respect of financial risks, the Company utilises accounting controls and reconciliations, segregation of duties, documented policies and procedures, regular management reporting, annual budgeting as well as physical security over company assets as part of its internal control environment. The Company periodically undertakes an internal review of these controls and implements any improvements which are identified. Board interaction with the Company's external auditor also provides additional oversight.

In respect of health and safety risks, the Company has implemented a comprehensive Workplace Health and Safety Management System, which is reviewed and audited annually.

Other risks are monitored and managed by management as overseen by the Audit Committee. In this regard the Board acknowledges that it does not comply with item 7.3(a) (Internal Audit Function) of the ASX Recommendations.

### **Financial Reporting**

Prior to Board approval of the financial report for the year ended 30 June 2018, the Managing Director and Chief Financial Officer declared to the Board:

- that in their opinion, the Group's financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and

performance of the Company; and

- that the opinion has been formed on a sound system of risk management and internal control which is operating effectively.

The Managing Director, Chief Financial Officer and the external auditor attend Audit Committee meetings at the discretion of the committee. The minutes of Audit Committee meetings are reviewed at the subsequent meeting of the Board.

The responsibilities of the Audit Committee include reviewing:

- the annual audit plan with the external auditor;
- accounting and financial reporting practices, ASX listing requirements and corporate legislation;
- significant transactions;
- half year and full year accounts;
- audit and risk management reports;
- performance of the external auditor and the use of auditors to provide consulting and other services; and
- other financial matters which the Audit Committee or the Board determines desirable.

## **COMMUNICATIONS AND ETHICS**

### **Continuous Disclosure**

Policies and procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the price or value of securities are announced to the ASX in a timely manner. The Company Secretary has primary responsibility for ensuring the Company complies with its disclosure obligations, and a copy of the Company Continuous Disclosure and Communication Policy is located on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

### **Shareholders Rights and Communications**

The Company keeps its shareholders informed of matters likely to be of interest through:

- reports to the ASX;
- half yearly profit announcements;
- Annual Reports; and
- information provided to analysts.

These are posted on the Company's website.

The Company is mindful of the importance of not only providing information, but also enabling communications between the Company, its shareholders and analysts. The Company conducts teleconferences for shareholders and interested parties, as well as one-on-one and group briefings with investors or analysts, upon the release of half year and full year results. Shareholders are able to receive Company communications electronically from the Company's share registry and shareholders are able to communicate with the Company electronically. In communications received directly from shareholders or other interested parties, the Managing Director and / or Company Secretary endeavour to respond to such communications provided the information requested is not price sensitive, or already publicly available.

At the Annual General Meeting questions and comments from shareholders are encouraged. In the interests of clarity, questions on operational matters may be answered by the

Managing Director or other appropriate members of management.

Other information about the Company and its governance is located on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

**Ethics and Conduct**

The Company has implemented codes of conduct for directors and employees. The codes establish standards of ethical behaviour and practices necessary to comply with legal obligations. The Group also has a code entitled "Delivering the Promise", which is a set of principles outlining the standards of behaviour the Group expects of its people. It is the ethos of Fleetwood and the benchmark of Fleetwood's dealings with stakeholders. These codes of conduct seek to enhance shareholder confidence in the Company by clearly articulating the acceptable practices of the Board, senior executives and employees. These codes are available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

The Company has a policy on conflicts of interest and share trading by directors, key management personnel and senior managers. These policies are available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>. Due to the limited financial products available to facilitate hedging of unvested or vested options or share units and the operation of clause 206J of the Corporations Act (Cth) 2001 (No hedging of remuneration of key management personnel) the Board is of the view that it is not relevant for the policy on share trading to address such transactions and therefore does not comply with item 8.3(a) (hedging of equity based remuneration) of the ASX Recommendations.

**DIVERSITY**

The Board has adopted a Diversity Policy which supports and promotes the achievement of diversity in gender, ethnicity, religion, culture, language, sexual orientation, disability, and age.

In accordance with the Diversity Policy and ASX Recommendations, the Company has established measurable objectives for achieving diversity. Those objectives and the progress towards achieving those objectives are described below.

Measurable Objective	Progress
Review equality of remuneration.	Undertaken annually
Review candidates from diverse backgrounds, to identify key talent for purposes of promotion or employment.	Ongoing
Ensure at least one woman on interview short-list for senior, executive and director level roles, subject to merit against role requirements.	Ongoing
Retain and grow the number of women in leadership roles, subject to merit against role requirements.	Ongoing
Assess and provide flexible working arrangements that balance employee and Company needs.	Part-time and flexible working arrangements are available

The Diversity Policy and progress toward achieving the objectives are reviewed and assessed by the Board annually.

The Company's 'Gender Equality Indicators' are disclosed in its annual filing with the Workplace Gender Equality Agency, a copy of which is available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

**WORKPLACE HEALTH AND SAFETY**

The Company places high importance on workplace health and safety and has implemented a comprehensive Workplace Health and Safety Management System, which is reviewed and audited annually.

**ENVIRONMENT**

Protecting the environment is a core Company value. The Company is committed to reduce, re-use and recycle across all its operations so as to minimise the impact the Group has on the environment. The Company has implemented an Environmental Policy, which is available on the Company's website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.