

## Corporate Governance Statement

The Board of Directors (**Board**) of Fleetwood Corporation Limited (**Fleetwood or Company**) is responsible for the corporate governance practices of the Company. The Board has chosen to adopt a governance culture based on the current ASX Principles and Recommendations (**ASX Principles**).

This statement outlines the extent to which the Company has followed the ASX Principles throughout the year, and discloses the areas of non-compliance and the reasons for non-compliance.

This statement is to be read in conjunction with the charters, codes and policies contained in the 'Corporate Governance' section of the 'Investor' page on the Company website at [www.fleetwoodcorporation.com.au](http://www.fleetwoodcorporation.com.au), and the Annual Report.

This statement is current as at 27 September 2017, and has been approved by the Board.

### BOARD AND MANAGEMENT

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

The Board operates in accordance with the general principles set out in its charter. The major roles of the Board are to:

- set the strategic direction with management and monitor implementation of the strategy;
- select and appoint the Managing Director, determine conditions of service and monitor performance;
- ratify appointment of the Chief Executive Officer, Chief Financial Officer and Company Secretary;
- approve conditions of service and monitor performance of senior executives;
- monitor financial outcomes and the integrity of reporting;
- set limits of authority for committing to expenditure, entering into contracts or acquiring businesses;
- ensure effective audit, tax, risk management and compliance systems are in place;
- monitor compliance with regulatory requirements and ethical standards;
- oversee its governance and monitor its disclosure obligations;
- review executive succession planning and development; and
- ensure timely reporting to Shareholders.

The Board delegates responsibility for managing the day-to-day operations of the Company and its subsidiaries (**Group**) to the Managing Director. There are clear lines of communication between the Board Chair and the Managing Director. 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, who is the Board Chair, Mr. Dowling who is the Chair of the Audit Committee and Remuneration Committee, and Ms. Parker 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 is the Managing Director and is not independent as he is employed by the Company.

#### Board Skill and Experience

The Company recognises the importance of having a Board comprised of directors with appropriate backgrounds, skills, diversity and expertise.

The following director skill and diversity matrix illustrates the current mix of expertise and experience the Company considers appropriate for optimal Board performance.

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	Industry Experience: Recreational Vehicles

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

The period of office, background, skills and experience of each Director is described in the Annual Report, and also located at [www.fleetwoodcorporation.com.au/About-Fleetwood/Corporate-Photos](http://www.fleetwoodcorporation.com.au/About-Fleetwood/Corporate-Photos)

#### Director Appointment and Election

The Board may suggest individuals for nomination as a director or alternatively engage independent external consultants to identify possible candidates for the Board.

In considering candidates, the Board considers the qualifications, skills, expertise, experience, and the professional and personal reputation of the person.

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. Directors are also provided with an indemnity, access to documents and information, and insurance.

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.

#### Company Secretary

The Company Secretary is directly accountable to the Board, through the Board Chair 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.

### **Review of Director and Board Performance**

Fleetwood 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 Board Chair 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 Board Chair is responsible for monitoring the contribution of the Directors. The Board plays a similar role in respect of the Board Chair's performance.

The Board undertakes an annual performance review of itself that compares its performance to the requirements of its 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 professional development activities. The Company meets expenses of such activities.

### **Nominations Committee**

Until recently the Board had considered that the Company was not of a size sufficient to justify the formation of a separate Nominations Committee, as the functions normally performed by a nominations committee were adequately performed by the full Board. However due to the recent evolution of the Board, the Board has reconsidered its view and resolved to form a Nominations and Diversity Committee. The new Committee will be effective as of 1 January 2018 and will comply with the ASX Principles. In this regard the Board acknowledges that during the year it did not comply with Recommendation 2.1(a) (Nominations Committee) of the ASX Principles.

### **Audit Committee**

The Audit Committee provides advice and assistance to the Board in fulfilling its responsibilities relating to the financial statements, reporting processes, internal audit, external audit, risk management, tax and such other matters as the Board may request from time to time.

All non-executive Directors are members of the Audit Committee, with all members being independent of the Company and management. All members have appropriate business and financial expertise. The Chair of the Audit Committee is nominated by the Board and is not the Board Chair. 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 at least annually and recommends any changes necessary to the Board.

The number of Audit Committee meetings and attendances are noted in the Annual Report.

The Audit Committee's Charter is available on the Company 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 Chair of the Remuneration Committee.

During the year the Remuneration Committee reviewed:

- 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;
- succession plans for senior management; and
- other related matters.

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 website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

The number of Remuneration Committee meetings and attendances are noted in the Annual 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 are 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 managements 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.

Prior to Board approval of full year financials, the Board receives written assurance from the Managing Director and the Chief Financial Officer that to the best of their knowledge and belief, and in their opinion, the declaration provided by them in accordance with section 295A of the *Corporations Act (Cth) 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks in all material respects.

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

### 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 Recommendation 7.3(a) (Internal Audit Function) of the ASX Principles.

### Financial Reporting

The Managing Director and Chief Financial Officer provide a declaration that in their opinion, the Group's financial records have been properly maintained, that the financial reports present a true and fair view and are in accordance with relevant accounting standards, and that the risk management and internal control systems are sound and are operating effectively in all material respects.

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 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 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 communications provided the information requested is not price sensitive, or is 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. The external auditor is available at the meeting to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Other information about the Company and its governance is located 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 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 operation of clause 206J of the *Corporations Act 2001 (Cth)* (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 strictly comply with Recommendation 8.3(a) (hedging of equity based remuneration) of the ASX Principles.

## DIVERSITY

The Company has a Diversity Policy, which is available on the Company website at <http://www.fleetwoodcorporation.com.au/Investors/Corporate-Governance>.

The policy supports and promotes the achievement of diversity in gender, ethnicity, religion, culture, language, sexual orientation, disability, and age.

In accordance with the Company Diversity Policy and ASX Principles, 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. As of 1 January 2018 the new Nominations and Diversity Committee will be undertaking this task.

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