

## Fleetwood Corporate Governance Statement 2020

This corporate governance statement describes Fleetwood Corporation Limited's (**Fleetwood or Company**) corporate governance framework, policies and practices. This statement has been approved by the Board and is current as at 15 October 2020.

Fleetwood complies with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**), which is reflected in this statement. Further information about governance at Fleetwood is set out in the corporate governance section of our website at [fleetwoodcorporation.com.au/corporate-governance](http://fleetwoodcorporation.com.au/corporate-governance).

Fleetwood regularly reviews its corporate governance framework and is committed to ensuring that its policies and practices reflect market practice, expectations and regulation as appropriate. Whilst many of our existing practices already comply with the fourth edition of the ASX Recommendations, we will formally adopt the fourth edition of the ASX Recommendations during the financial year ending 30 June 2021.

### THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Roles and Responsibilities of the Board

The Board is responsible for the corporate governance structures and practices of Fleetwood and its subsidiaries (**Group**). The Board Charter details the Board's role and responsibilities, and matters expressly reserved for the Board, which include:

- approving the strategic direction of the Group and monitoring implementation of the strategy;
- selecting and appointing the Managing Director & CEO, 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 and 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 Managing Director & CEO is responsible for the day-to-day management of the Group. A formal delegations structure is in place which sets out the powers delegated to the Managing Director & CEO. The Board reviews these delegations annually.

The executive team is listed along with biographical details on our website at [fleetwoodcorporation.com.au/board-and-executives/](http://fleetwoodcorporation.com.au/board-and-executives/). The executive team is responsible for operating within the risk appetite set by the Board and for providing the Board with timely and clear information to enable the Board to perform its role and responsibilities.

The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

### THE BOARD IS STRUCTURED TO ADD VALUE

#### Board Composition and Independence

The Board currently comprises six Directors (five independent Non-Executive Directors and one Managing Director & CEO): Non-Executive Chairman Phillip Campbell, Managing Director & CEO Brad Denison and Non-Executive Directors Jeff Dowling, Adrienne Parker, Mark Southey and Martin Monro.

The Board acknowledges the importance of independent Directors to a high-functioning Board. Fleetwood's Board Charter requires that a majority of the Board be comprised of Non-Executive Directors and that the Chairman be an independent Non-Executive Director.

Details of the Directors (including their



qualifications, experience and length of service) can be found in the Board of Directors section of our 2020 Annual Report.

**Board Skill and Experience**

The composition of our Board is designed to ensure each Director brings a level of skill and experience that helps deliver on Fleetwood’s strategy and delivers value to shareholders.

Matters relating to the Board composition are considered by the Board and Nominations & Diversity Committee in accordance with the framework set out in the Nominations & Diversity Committee Charter.

During FY20, the Board reviewed its skills matrix having 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 in addition to succession planning considerations. The Board considers that it has the right experience and skills to oversee the standard of corporate governance, integrity and accountability required of Fleetwood.

Skills and Experience	Total Directors	Directors with Experience
Leadership and Governance	6	6
Strategy	6	6
Finance, risk or legal	6	6
Previous board experience	6	6
Mergers and acquisitions	6	6
Workplace Health & Safety	6	5
Construction and project management	6	5
Sales and marketing	6	3

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

**Nominations & Diversity Committee**

The Nominations & Diversity Committee has six members, five of which are independent Non-Executive Directors. Adrienne Parker is the chair of the Nominations & Diversity Committee.

The Nominations & 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 & Diversity Committee Charter requires the Committee to meet at least twice each year and more frequently if determined appropriate by the Chair of the Committee or the Board. Details of the members’ attendance at the Nominations & Diversity Committee meeting(s) are set out in the Directors’ Report included within the 2020 Annual Report.

The Nominations and Diversity Committee Charter is available on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

**Director Appointment and Election**

The Nominations & 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 Fleetwood.

The duties and responsibilities of newly appointed Directors are described in an offer letter and 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 & CEO, 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 Board continually assesses its performance



and undertakes a structured annual review of its performance, as well as the performance of each Committee and individual Directors. The Board periodically engages external consultants to facilitate a formal Board performance review.

During FY19 and FY20, the Board completed an external review of the Board's and each Committee's performance, during which an external consultant held individual discussions with each Director and the Company Secretaries. The consultant also presented their findings of the review process to the Board as a group.

A review of the performance of all senior executives is undertaken annually by the Managing Director & CEO in consultation with the Board. Executive performance is evaluated by reference to the financial results of the applicable operating entity and relevant key performance indicators. Individual performance targets are derived from position descriptions, key responsibilities and objectives which are in turn aligned with business strategies identified annually during the business planning process following the Board's sign-off of budgets. Financial performance targets are derived from budgeted or forecast EBITA above a qualifying gate which is considered an appropriate measure of the Company's profitability.

**Continuing Development of Directors**

The Board received various presentations and briefings throughout FY20 on a range of topics tailored to professional development, key industry events and the ongoing responsibilities of the Board. The Board also has access to all relevant information, including joint and independent discussions with management and subject matter experts in addition to site visits to observe operations.

**Diversity and Inclusion**

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, Fleetwood established measurable objectives which are intended to work towards achieving gender diversity.

Those objectives and the progress towards achieving those objectives are described below.

Objective	Progress
Pay equality to be reviewed annually	Undertaken in accordance with objective
Provide unconscious bias training for key management personnel	In progress
Adopt a Flexible Work Policy to formally establish flexible working arrangements and family support programs that balance employee and Company needs	In progress
Ensure at least one woman on interview short-list for senior, executive and director level roles, subject to merit against role requirements	Objective met
Retain and grow the number of women in leadership roles, subject to merit against role requirements	Objective met

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

The Group complied with the Workplace Gender Equality Act 2012 by submitting its annual compliance report, a copy of which is available on the Company's website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

**THE BOARD PROMOTES ETHICAL AND RESPONSIBLE BEHAVIOUR**

At Fleetwood, our values and Code of Conduct are an integral part of our business. In December 2019, the Board adopted a whistleblower policy in accordance with Australia's recently enhanced whistleblower protection laws.

**Code of Conduct**

The Company's Code of Conduct establishes 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. 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 our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).



### Other Policies

The Company has a policy on share trading by directors, key management personnel and senior managers. This policy is available on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/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.

### THE BOARD SAFEGUARDS INTEGRITY IN CORPORATE REPORTING

#### Audit & Risk Committee

The Board has an Audit & Risk Committee which oversees the adequacy of the accounting, tax and financial policies and controls of the Company and reviews Fleetwood's risk management framework on an annual basis.

The Audit & Risk Committee has five members which are all independent Non-Executive Directors. Jeff Dowling is the chair of the Audit & Risk Committee. All members have appropriate business and financial expertise.

In exercising its oversight role, the Audit & Risk 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 & Risk Committee reviews and reassesses its Charter annually and recommends any changes necessary to the Board. The Audit & Risk Committee Charter requires the Committee to meet at least three times during the year. Details of the experience and qualifications of the members of the Audit & Risk Committee are contained within the 2020 Annual Report. Members' attendance at the Audit & Risk Committee meetings is set out in the Director's Report included within the 2020 Annual Report.

The Audit & Risk Committee Charter is available on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

### CEO and CFO Declaration

Prior to Board approval of the financial report for the year ended 30 June 2020, the Managing Director & CEO 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.

### Auditor at AGM

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.

### THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

#### 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 Secretaries have primary responsibility for ensuring the Company complies with its disclosure obligations, and a copy of the Continuous Disclosure and Communication Policy is located on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

### THE BOARD RESPECTS THE RIGHTS OF SECURITYHOLDERS

#### Shareholders Rights and Communications

Fleetwood has a Continuous Disclosure and Communication Policy which promotes an effective two-way communication with shareholders and the wider investment community. The Continuous Disclosure and Communication Policy is located on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

All Company announcements lodged with the ASX



are available on our website at [fleetwoodcorporation.com.au/news/](http://fleetwoodcorporation.com.au/news/).

These include our Annual Report, notices of meetings and investor presentations.

Fleetwood 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 & CEO and/or Company Secretaries 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.

Other information about Fleetwood and its governance is located on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

## **THE BOARD RECOGNISES AND MANAGES RISK**

### **Risk Management**

Fleetwood is committed to the identification, monitoring and management of material risks (including economic, environmental and social sustainability risks) associated with its business activities. Fleetwood'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 & Risk Committee.

The Group Risk Management Policy, and Environmental Policy are available on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

### **Internal Audit**

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

In respect of financial risks, Fleetwood 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. Fleetwood 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, Fleetwood 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 & Risk Committee.

The Managing Director & CEO, Chief Financial Officer and the external auditor attend Audit & Risk Committee meetings at the discretion of the Committee.

## **THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY**

Fleetwood's executive remuneration objectives and approach are set out in the Directors' Report, which is contained in the 2020 Annual Report.

### **Remuneration Committee**

The Remuneration Committee is responsible for determining the remuneration of Board members, executives and key management personnel.



The Remuneration Committee has five members which are all independent Non-Executive Directors. Mark Southey 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; and
- proposals for new issues under, or changes to, the Company's long term incentive plan.

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. The Remuneration Committee's Charter is available on our website at [fleetwoodcorporation.com.au/corporate-governance/](http://fleetwoodcorporation.com.au/corporate-governance/).

Details of the members' attendance at the Remuneration Committee meetings is set out in the Directors' Report included within the 2020 Annual Report.

