

# **Tax Corporate Governance**

## **Board Tax Policy**

**GWA090**

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# **1 Tax Corporate Governance**

The overall tax strategy of GWA Group Limited ('GWA') is ultimately determined by the risk tolerance established by the Board which maintains high standards of corporate responsibility and fosters a culture that values ethical behaviour, integrity and respect.

This Tax Corporate Governance Board Tax Policy ('Policy') sets the tax strategy and outlines the framework by which the tax obligations of GWA (as Head Entity, and its Subsidiaries) are met from an operational and risk management perspective.

Management maintain a Tax Operations Manual (GWA091), which is prepared in line with this Policy, and provides a detailed day to day tax management framework.

## **1.1 Tax Strategy**

GWA pursues a tax strategy that is principled, transparent and sustainable in the long term. GWA manages its tax affairs in a pro-active manner that seeks to maximise shareholder value, while operating in accordance with the law.

## **1.2 Context and Purpose**

Australian revenue authorities adopt a risk-based approach to not only reviewing taxpayers' affairs but also to identifying non-compliant taxpayers. Part of that risk-based approach involves an examination of the level of corporate governance and risk management.

## **1.3 Who Does this Policy Apply to?**

This Policy applies to GWA Group Limited its Subsidiaries their employees and agents.

## **1.4 Tax**

Tax and the incidence thereof will be managed with the objective that all tax liabilities properly due under the law are correctly recorded, accounted for, and paid.

## **1.5 Certainty of Tax Positions**

GWA will adopt valid and supportable positions and will maintain awareness of prevailing views and risks with respect to tax planning. The level of certainty required for tax positions taken will vary depending on the nature and size of the underlying issue.

## **1.6 Significant Transactions and Events – Escalation Procedure**

The tax attributes of all significant transactions or events will be considered by Group Finance. A significant transaction is one that markedly affects GWA's compliance, operational, financial or strategic outcomes or processes.

The CFO is responsible for ensuring that the Audit & Risk Committee ('A&RC') of the Board is informed of all significant transactions.

## **1.7 General Anti-Avoidance and Promoter Penalties**

GWA will not enter into any transaction where there is a material risk that Part IVA of the Income Tax Assessment Act 1936 (Cth)<sup>1</sup> will be applied by a Court.

GWA will not promote tax exploitation schemes. A tax exploitation scheme includes any arrangement or transaction entered into or carried out with the sole or dominant purpose of paying less tax or receiving increased tax offsets.

## **1.8 Communication and Relationships**

The CFO and the Executive Director are responsible for managing relationships with Federal and state revenue authorities in all domestic and international jurisdictions, external advisors and industry bodies as matters relate to tax issues.

### **1.8.1 Tax Authority and Regulators**

The Executive Director, the CFO will ensure that the Group establishes and maintains professional relationships with all revenue authorities to enable an efficient and collaborative hearing on tax issues.

### **1.8.2 External Advisors**

GWA engages external tax advisors from time to time as part of tax management, including consultation when deemed appropriate on transactions and events with potential and/or actual significant tax implications. The choice of external tax advisor will generally be at the discretion of the CFO with the A&RC notified of tax advisors used.

## **2 Enterprise-wide Roles and Responsibilities**

### **2.1 The Board of Directors**

The ultimate responsibility for corporate governance and therein the establishment of a tax risk management framework is borne by the Board.

### **2.2 The Audit & Risk Committee**

The A&RC considers and actions the tax issues and tax risk management issues that are brought to the attention of the Board.

### **2.3 Chief Financial Officer**

The CFO is responsible for the development and monitoring of GWA's financial control environment and managing the enterprise risk register; ensuring clear risk ownership and helping risk owners define and manage a robust control set. The CFO will ensure that significant transactions are brought to the attention of the A&RC and thereby the Board.

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<sup>1</sup> Part IVA provides general anti-avoidance rules with the objective to disallow tax payers from entering into a transaction specifically to obtain a tax benefit that would otherwise not have been obtained.

## **2.4 Risk Owners**

A risk owner is any individual who is responsible for the ongoing management of general tax matters and tax risks and are responsible for regularly monitoring, updating and identifying risks in the GWA enterprise risk register and applying suitable internal controls. Risk Owners must ensure that all control activities are adequate and that they escalate significant transactions and events and any other concerns relating to tax matters to the CFO in real time.

# **3 Management of Key Tax Processes**

## **3.1 General Requirements**

The CFO is accountable for tax processes including tax risk assessments and ensuring appropriate controls are in place to manage identified risks.

Group Finance, with the oversight of the CFO, is responsible for the development, implementation and maintenance of internal controls, as well as policy and procedure manuals that consider major transactions and strategies and changes in tax law.

GWA's internal audit function and/or external tax advisors will conduct periodic tax risk assessments at their discretion or at the request of the CFO or A&RC associated with the operational and compliance aspects of GWA tax obligations.

## **3.2 Document Management**

Tax documentation is to be maintained in accordance with GWA017 Document Retention Policy. This is to ensure compliance with the applicable statute, common law rights and revenue authority practice policies in mind (including statutory record retention requirements; legal professional privilege; the Accountant's Concession; and Board Work Paper Privilege).

# **4 Tax Risk Reporting and Monitoring**

The Board and its A&RC bear the ultimate responsibility for corporate governance and approving the tax risk framework for management to operate within.

To assist the fulfilment of these obligations, the Board requires the following reports to be prepared and presented:

- ▶ Enterprise Risk Register Update which includes any tax compliance or operational matters determined to pose a major risk to GWA – half-yearly to the A&RC.
- ▶ General Tax Reporting highlighting key tax compliance and operational matters – monthly to the Board as part of the Group Monthly Management Report.

Additionally, the Managing Director and CFO certify to the A&RC on a half-yearly basis that internal compliance and control systems (including the tax environment) are operating effectively and efficiently. A CFO Report is also provided to the A&RC on a half-yearly basis, which provides commentary on the period's tax results.

It may be necessary to escalate significant tax risks, transactions and events more frequently. Where applicable, the CFO should implement more frequent reporting of tax issues and risks, than on the basis documented above.

## 5 Whistleblower Provisions

In extreme circumstances an individual may be concerned that a serious breach has occurred but are in a position where he or she believes that it would be personally damaging to pursue it through normal channels. For instance, they may have come into possession of information that indicates a colleague has knowingly caused a breach or suppressed the reporting of a breach.

In such a case, the Whistleblower will make a disclosure of a breach of professional conduct ('the Disclosure') to another person ('the Recipient') who has the corrective power or perceived willingness to take corrective action. The Recipient will take reasonable measures to protect the Whistleblower against reprisals as a result of the Disclosure. The Disclosure will be investigated on a timely basis and appropriate corrective action taken.

GWA's Whistleblower Policy is included within GWA003 GWA Employee Handbook.

## 6 Fraud

GWA's internal audit function will conduct periodic targeted fraud reviews. These may be conducted as part of a broader tax risk assessment or a specific fraud review.

## 7 Non-Compliance with this Policy

Implementation of this Policy is the responsibility of Group Finance with the oversight of the CFO. The CFO will report non-compliance with the Policy, by exception to the CEO, and A&RC.

## 8 Point of Contact

Group Finance is the point of contact for matters arising in relation to this Policy.

## 9 Review Cycle

This Policy will be reviewed annually with changes to be proposed to the A&RC.

## 10 Document Amendment Register

This document has been reviewed and amended by the following people:

No.	Author Name	Version Number	Date	Details of Changes	Date of Board authorisation
1					
2					
3					
4					