1.1 Introduction
As with the management of other risks, the Company considers tax risk management fundamental to maintaining efficient and effective operations. This Policy outlines the framework by which the tax obligations of the Company are met from an operational, governance and tax risk management perspective. This policy covers the Company’s Australian and New Zealand businesses.

1.2 Tax Risk Management Roles and Responsibilities
The tax risk attaching to any transaction/investment should always be considered carefully and factored into every commercial decision. Staff accountable for the management of tax risks are also accountable for the continued adequacy and effectiveness of controls, primarily through self-assessment.

The specific risk management responsibilities for each role within the Company are summarised below:

<table>
<thead>
<tr>
<th>Title</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
</table>
| **Board** | ▪ Overall responsibility for the management and control of the Company.  
▪ Approval of and ultimate responsibility for corporate governance and the tax risk management framework.  
▪ Oversight of the establishment and continued effectiveness of the risk management and internal control system.  
▪ Responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.  
▪ Detailed work on this task may be delegated to the Audit and Risk Committee. |
| **Audit and Risk Committee (a subcommittee of the Board)** | ▪ Periodic oversight of the risk management program established and maintained by management  
▪ Review of changes to the risk management program  
▪ Oversight of the adequacy and comprehensiveness of risk reporting from management |
| **Finance Director** | ▪ Communicating the Company’s desired tax risk profile and approach to tax risk management  
▪ Providing assurance to the Board that the existing tax risk management framework will allow all significant transactions and events to be assessed as part of every commercial decision relating to each transaction  
▪ Defining and communicating tax policies to the Finance Function, the Board, sub-committees and to other Business Units if necessary |
| Chief Financial Officers ("CFO") for TAF, Accent and Hype | Responsible for the ongoing management of the risks and ensuring that all of the control activities are adequate  
| | Responsible for the preparation of tax compliance /reporting obligations (apart from income tax) |
| Accounting and Reporting Function | Understanding how the Company manages tax risk  
| | Understanding the Company’s desired tax risk profile  
| | Responsible for applying risk management within the scope of their roles  
| | Being cognisant of the business operations such that tax risks are identified and managed |

### 1.3 Tax Risk Actions

Tax risk, particularly the reputational component, extends beyond the Company’s relationship with Revenue Authorities and impacts almost every area of the Company, including shareholders, investors, staff, management, the Board and all other stakeholders. Risk to the Company can cause a significant negative impact to the Company’s reputation and/or finances. Tax risk and its impact on stakeholders must also be managed by the Board in meeting its fiduciary duties to shareholders.

Tax risks must be identified and escalated to senior management and/or the Board for consideration, review and management; and, to mitigate the impact to the Company. The following criteria will assist staff to profile tax risk to determine what tax risks must be escalated to senior management and/or the Board.

Tax risk can be defined as follows:

*Any event, action, or inaction in tax strategy, operations, financial reporting, or compliance*
that either adversely affects the Company’s tax or business objectives or results in an unanticipated or unacceptable level of monetary, financial statement or reputational exposure.

In the context of the tax risk management process, the following categories of risks should be considered:

- **Financial risk** – An adverse impact on cash as a result of tax (e.g. an unexpected tax payment).
- **Compliance systems risk** – an instance of inability to comply with regulatory and statutory requirements (e.g. use of incorrect data, late lodgement of a tax return and ATO scrutiny).
- **Operational risk** – The risk of loss arising from inadequate or failed internal processes, people and systems (e.g. inadequate documentation to support transactions, a transaction is not implemented in accordance with advice).
- **Strategic Risk** – Uncertainties and untapped opportunities embedded in the business’s overall strategic intent (e.g. reputational risk resulting in negative publicity, creating a high risk profile within the tax office or a higher risk rating leading to increased costs of compliance).

Risks include the existing obligations to pay an amount as a result of events happening in the present, past and future.

### 1.4 Risk Management

The Company’s philosophy on tax risk management is to balance the prevention of unnecessary disputes with tax authorities that may give rise to reputational risk and to preserve investor value. In this regard, the Company will seek to:

- Having strong technical support for tax positions, including opinions from external advisors (meeting the thresholds described below in section 1.8);
- Clear explanation and documentation of those positions, especially facts and business substance;
- Provide assurance to the Board that the existing tax risk management framework will allow relevant tax questions to be considered as part of every commercial decision relating to each transaction;
- Document controls and processes that exist to mitigate potential risks;
- Maintain strong compliance procedures ensuring accurate and complete tax returns.
- Reduce identified tax risks, thereby assisting the Company’s compliance with the regulator recommendations and Revenue Authority guidelines;
- Maintain good working relationships with tax authorities.

The Board requires an assessment of risk and a rating for all identified risks. In determining the appropriate classification, regard should be had as to how the Revenue Authorities profile publicly listed companies (e.g. past compliance behaviour, risks arising out of new tax law).

In assessing the risk it is important to determine whether the likelihood and consequences of the risk occurring have been considered and documented.
1.5 Tax Risk Classification

Tax risk assessment adopts the following low, medium, and high categories. These risk assessment categories are consistent with the Company’s Risk Matrix. The tax risk level classifications below contain both qualitative and quantitative factors.

<table>
<thead>
<tr>
<th>Tax Risk</th>
<th>Description</th>
<th>Risk Owner</th>
</tr>
</thead>
</table>
| Low      | A Low Risk classification generally applies where:  
- There is an actual or potential instance of non-compliance with taxation laws and the tax at risk is less than $100,000; and  
- The application of the tax law to the facts is straightforward; and  
- On policy or practical grounds, the Revenue Authorities are unlikely to take a contrary position to that adopted by the Company; and  
- There is little risk of reputational damage accruing to the Company. | CFO and Business Units |
| Medium   | A Medium Risk classification is usually appropriate where:  
- There is an actual or potential instance of non-compliance with taxation laws and the tax at risk is at least $100,000 but less than $500,000; and  
- There is some material uncertainty concerning the application of the law by Revenue Authorities; and  
- There is complexity concerning the application of the law to the facts; and  
- The situation involves some reputational risk. | Finance Director |
| High     | A High Risk classification applies where:  
- There is an actual or potential instance of non-compliance with taxation laws and the tax at risk is greater than $500,000; or  
- There is significant complexity concerning the application of the law to the facts; or  
- There is some material uncertainty concerning the application of the law by Revenue Authorities; or  
- There is a reasonable likelihood of adverse legislative change; or  
- The transaction is of strategic importance to the Company; or  
- The transaction involves significant reputational or promoter risk. | Finance Director and Audit Committee |

Risk treatment involves identifying the range of options for treating risk, assessing those options, preparing risk treatment plans and implementing them. The Risk Owners identified above are to develop a plan to manage the tax risks identified, commensurate with the risk classification level.

1.6 Assessing Risk

a) Every 2 years (on a rolling basis), external advisers are to be engaged to review and report on internal risk systems and outputs for each Business unit relating to:

- PAYG(W)  
- FBT  
- Superannuation Guarantee Charge  
- Payroll tax  
- GST
- Stamp Duty
- Customs Duty
- ESS reporting

b) Income Tax reporting is to be outsourced to external advisors.

c) Every two years, external advisors are to be engaged to review systematic internal transactions (i.e. dividends, cross border charges, loan accounts) and report risks to the Finance Director. Such reviews may be undertaken on a rolling basis.

d) Any significant internal transaction or restructure is to be reviewed for tax purposes by external advisors.

e) Tax status reports (Appendices A to C) are to be provided to the Audit Committee on a biannual basis.

1.7 Tax Planning

Acceptable Tax Planning
In relation to Acceptable Tax Planning, tax is an important factor in many business decisions and tax planning in support of commercial activity and optimisation of returns for investors is normal and appropriate. However, the Company should not engage in tax planning that goes beyond support for genuine commercial activities.

Aggressive Tax Planning
The Company will not engage in Aggressive Tax Planning, as defined by the OECD as:

- Planning involving a tax position that is tenable but has unintended and unexpected tax revenue consequences; or
- Taking a tax position that is favourable to the taxpayer without openly disclosing that there is uncertainty whether significant matters in the tax return accord with the law.

Management will review all proposed transactions or arrangements as part of the Company’s established transaction approval procedures and in line with the appropriate escalation in order to ensure that the Company does not engage in Aggressive Tax Planning.

As a broad guide, transactions or arrangements exhibiting the following feature or features may be considered to be Aggressive Tax Planning and will be closely reviewed by Management.

- transactions that have little or no economic substance
- transactions bearing little or no pre-tax profit which rely on anticipated tax reduction to produce a significant post-tax profit
- transactions involving contrived, artificial, transitory, pre-ordained or commercially unnecessary steps
- transactions involving unnecessary layers of complexity
- transactions which have material economic terms that are inconsistent with market norms
- transactions which provide the Company with compensation that appears substantially disproportionate to the services provided or investment made
transactions where the Company personnel are incentivised solely on the tax saved
transactions which in substance produce unintended multiplication of tax benefits in
different jurisdictions

1.8 Certainty of Tax Positions and Level of Sign Off Required
It is acknowledged that tax positions and the risks associated with these can be uncertain. However, the Company will balance considered tax planning with appropriate tax risk management by adopting valid and supportable positions and maintaining awareness of other prevailing views and risks.

The level of opinion required regarding the certainty of the tax issue will depend on the level of tax risk involved. The table below indicates the minimum level of opinion required for a particular issue. Management has discretion as to whether a higher level opinion is appropriate for any particular matter. Please refer to the relevant definitions below the table.

<table>
<thead>
<tr>
<th>Tax Risk</th>
<th>Minimum Level of Opinion Required</th>
<th>Level of sign off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Opinion by CFO in consultation with an External Advisor (if required).</td>
<td>CFO</td>
</tr>
<tr>
<td>Medium</td>
<td>RAP or More Likely Than Not (&quot;MLTN&quot;) opinion by an External Advisor.</td>
<td>External Advisor</td>
</tr>
</tbody>
</table>
| High      | **For the Australian business:** MLTN or Should opinion by an External Advisor and (where appropriate):
- a second opinion from another External Adviser (including Senior Counsel); or,
- Written guidance from the Australian Taxation Office (e.g. a private ruling, objection, etc.)

**For the New Zealand business:** MLTN or Should opinion by an External Advisor, approval by the Finance Director and (where appropriate):
- a second opinion from another External Adviser (including Senior Counsel); or,
- Written guidance from the Inland Revenue Department (e.g. a private ruling, objection, etc.) | External Advisor and Finance Director |

Definitions of the above standards of opinion is set out below:

<table>
<thead>
<tr>
<th>Definitions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MLTN to be correct</td>
<td>More likely than not to be correct. A MLTN Opinion is an Opinion given by an advisor which supports the merits of tax treatment of an item to the extent that if challenged, the position should be more likely than not to be correct. In numeric terms, a MLTN Opinion has a 51% (or greater) chance of occurring.</td>
</tr>
<tr>
<td>Opinion</td>
<td>An Opinion is advice expressed which supports the merits of tax treatment of an item. This is based on an analysis of the pertinent facts and authorities</td>
</tr>
</tbody>
</table>
(such as the legislation, case law and Revenue Authority guidance). Opinions can be obtained from advisors (such as external counsel or professional tax advisors). Levels of Opinion can vary in type and weighting and in that regard, are relevant for protection against penalties (as defined in the tax law).

**RAP**

Reasonably Arguable Position. A position is defined as being reasonably arguable (in section 284-15 of the TAA) if it would be concluded in the circumstances, having regard to relevant authorities, that what is argued for is about as likely to be correct as incorrect, or is more likely to be correct than incorrect. In numeric terms, a RAP Opinion can be obtained where there is a percentage likelihood approaching 50% that the tax treatment of the item will be upheld if challenged.

**Should Opinion**

A Should Opinion is an Opinion given by an advisor which supports the merits of tax treatment of an item to the extent that although not entirely free from doubt, the taxpayer’s position should prevail. In numeric terms, a Should Opinion can be obtained where there is at least an 80% likelihood that the tax treatment of the item will be upheld if challenged.

Once the requisite level of opinion is obtained, it must be signed off by the individual with the relevant level of authority. However, no tax position is to be taken unless it is more than a RAP. The maintenance of this position is considered to be a significant protection against tax shortfall penalties.

### 1.9 External Advisors

**Who Can Engage External Advisors**

The Finance Director will determine if internal or external advice is required based on the Level of Opinion requirements set out above. If external advice is recommended, the Finance Director will manage the process of briefing advisors and obtaining the advice.

The choice of external tax advisor will generally be at the discretion of the Finance Director.

**When To Engage External Advisors**

External advisors are to be engaged to prepare the Company’s tax provision calculations and for the preparation and lodgement of the Company’s income tax return.

The Company’s Finance Function will generally undertake its other ordinary tax compliance obligations (including Fringe Benefits Tax returns and Business Activity Statements) and only seek external advice as required (as directed by the Finance Director). As noted above, internal tax functions are to be reviewed by external advisors every two years.

Typical transactions or events which would require external advice include:

- Any new and significant arrangement that involves the Company and third parties;
- Undertaking of offshore investments or transactions
- Debt or equity restructures
- Material transactions, such as business restructures
- Tax controversy elements apply/a Revenue Authority is scrutinising a matter (e.g. notification of an ATO Review or Audit)
The tax treatment adopted is not supported by general guidance/advice available from the Revenue Authority

The Finance Function does not have the resources or capabilities to adequately deal with the issue

Significant transactions or events

If matters are particularly complex, sensitive or material it may be appropriate to obtain a second opinion or a Ruling from a Revenue Authority.

Significant Transactions

An event (such as a transaction, issue or risk) will be significant if it markedly affects the Company’s compliance, operational, financial or strategic outcomes or processes. For example, an event may be significant if any of the following apply:

- Public knowledge of a dispute of the position taken by the Company would cause a negative impact on the reputation of the Company and/or the position taken is likely to lead to litigation
- It results in a tax outcome that varies from industry patterns or past performance of the Company
- It involves third parties to the Company
- It results in a considerable variation between economic and tax performance
- It is a matter which is specifically reportable to a Revenue Authority (such as a Reportable Tax Position (“RTP”) pursuant to the ATO’s proposed RTP regime)
- It is a matter being scrutinised by a Revenue Authority (for example, under an ATO Review or Audit)

1.10 Reporting Obligations and Timing

The Finance Director will report on general tax items to the Audit and Risk Committee on a biannual basis. The reporting will highlight the compliance, operational, financial and strategic tax attributes for the Company.

Reporting by the Finance Director to the Board will be on an ‘exceptions’ (i.e. more frequently than biannual) basis:

i. if an identified risk is rated as high; or
ii. a transaction is regarded as significant,

To facilitate the reporting to the Audit and Risk Committee the reporting obligations of the business units, including matters to be reported, reporting channels and frequency, is provided below:

- Bi-annual Tax Status Reports (containing status updates for the Company) escalated to the Finance Director (and, where necessary, the Board or Audit and Risk Committee); and
- Attendance by the Finance Director at the Board (or Audit and Risk Committee) meetings as required.

Business Units support this tax risk management communication approach by providing written confirmation that Tax policies or other relevant directives have been followed to the CFOs and the Finance Director by way of the Tax Representations & Assurance Report at Appendix D on an
annual basis. The Finance Director will also have regular 1 on 1’s with the CFOs in respect of tax affairs for each business line.

1.11 Management of Key Tax Processes
It is incumbent on the Finance Director Tax to design, document and implement strong internal controls as well as policy and procedure manuals. This includes specific tax policies detailing legislation, compliance and administration.

The Company’s Assurance Function will conduct periodic tax risk assessments associated with the operational and compliance aspects of the Company’s tax obligations. The Finance Director is accountable for the tax risk assessments and ensuring the appropriate controls are in place to manage the identified risks.

The Finance Director is responsible for the development and maintenance of internal controls as well as policy and procedure manuals that consider major transactions and strategies, taking into account any changes in tax law.

1.12 Document Retention and Management
Good document management and record retention is fundamental to tax risk management as it will assist the Company to:

- meet compliance and other legal obligations applicable to the Company
- enable review (internal or Revenue Authority) of processes and decisions
- retain the corporate memory and its narrative history
- respond in a timely and efficient manner to information requests from Revenue Authorities
- demonstrate the cost and impact of your business
- help research and development activities

Accent is required to keep all records that evidence and explain its tax position and the transactions it enters into that are relevant for the purposes of taxation legislation. This requirement operates in addition to and alongside Accent’s documentation requirements under Corporations Law.

Examples of records that must be kept include:

- Forms, Schedules, Notices, Elections, Determinations and Choices
- Workpapers, Estimates and Calculations
- Correspondence to and received from the ATO or another Revenue Office (such as State or Foreign Revenue Offices)
- Documents that explain a transaction
- Professional advice
- Documents prepared internally / file notes
- Agreements prepared and / or signed by third parties
- Cost data in relation to capital assets
- Correspondence and emails outlining the above

All records must be stored in electronic format on the appropriate shared drive. Further, a copy of all records that may be relevant to income tax matters must also be stored on EYKeySpace.
Records must be kept for a minimum of five years and can only be destroyed at a later time if the Finance Director or CFO is satisfied that those records are unlikely to be required in proving Accent’s position in a tax dispute.

Before any document is to be made available to the Revenue Authority in response to audits/investigations/examinations, those documents must first be reviewed by the Company’s internal legal counsel or an External Advisor for potential claims for Legal Professional Privilege or other evidentiary protections (legal or administrative) which may protect them from mandatory disclosure.

1.13 Training and Awareness
The Finance Director is responsible for arranging training for key people in the Finance Function to enable them to own and manage tax risk.

1.14 Review Cycle
It is recommended that this Policy be reviewed annually by the Finance Director who will propose any changes, if appropriate to the Board. This Policy will be revised from time to time and revisions will be circulated promptly.

1.15 Non-compliance
The oversight of the Company’s adherence to this Policy is the responsibility of [Finance Director]. The Finance Director will report material non-compliance with the policy, by exception to the Audit and Risk Committee.
APPENDIX A
Tax Status Report
The Athlete’s Foot

[PROTECTED BY THE ADMINISTRATIVE CONCESSION OFFERED UNDER THE ATO PRACTICE STATEMENT LAW ADMINISTRATION 2004/14]¹

1. Period

[Insert the date]

2. Overview

[Insert summary of issues and whether items have been added / resolved since prior period]

3. Significant tax issues, risks and events

[Insert the significant issues / risks (including rating) into the categories listed (examples are given below)]

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
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<td></td>
<td>• Major projects re: finance function</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial</th>
<th>Strategic</th>
</tr>
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<tbody>
<tr>
<td>Examples:</td>
<td>Examples:</td>
</tr>
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<td>• Transfer pricing updates</td>
</tr>
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<td>• An adverse impact on cash as a result of tax (e.g. an actual refund on an Income Tax Return is significantly less than expected)</td>
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</tr>
<tr>
<td>• A significant issue is raised by external audit on a key tax account</td>
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</tr>
<tr>
<td>• Tax effect accounting outcomes</td>
<td>• Instances of bad publicity</td>
</tr>
<tr>
<td>Explanation of differences between tax and accounting outcomes and effective tax rate</td>
<td>• Instances of reputational damage</td>
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<tr>
<td></td>
<td>• Major / complex transactions</td>
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¹ Corporate board documents on tax compliance risks are protected by the administrative concession offered under the ATOs Practice Statement Law Administration 2004/14 “Access to ‘corporate board documents on tax compliance risk’”
APPENDIX B
Tax Status Report
Accent

[PROTECTED BY THE ADMINISTRATIVE CONCESSION OFFERED UNDER THE
ATO PRACTICE STATEMENT LAW ADMINISTRATION 2004/14]²

1. Period

[Insert the date]

2. Overview

[Insert summary of issues and whether items have been added / resolved since prior period]

3. Significant tax issues, risks and events

[Insert the significant issues / risks (including rating) into the categories listed (examples are given below)]

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<td></td>
<td>• Major projects re: finance function</td>
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</tbody>
</table>

| Financial                        | Strategic                                                                   |
|----------------------------------|                                                                            |
| Examples:                        | Examples:                                                                   |
| • Franking credit update         | • Transfer pricing updates                                                 |
| • An adverse impact on cash as a result of tax (e.g. an actual refund on an Income Tax Return is significantly less than expected) | • Tax transparency updates                                                 |
| • A significant issue is raised by external audit on a key tax account     | • Impact from changes in the law                                            |
| • Tax effect accounting outcomes | • Instances of bad publicity                                               |
| • Explanation of differences between tax and accounting outcomes and effective tax rate | • Instances of reputational damage                                          |
|                                  | • Major / complex transactions                                              |

² Corporate board documents on tax compliance risks are protected by the administrative concession offered under the ATOs Practice Statement Law Administration 2004/14 “Access to ‘corporate board documents on tax compliance risk’”
APPENDIX C
Tax Status Report
Hype

[PROTECTED BY THE ADMINISTRATIVE CONCESSION OFFERED UNDER THE ATO PRACTICE STATEMENT LAW ADMINISTRATION 2004/14]³

1. Period

[Insert the date]

2. Overview

[Insert summary of issues and whether items have been added / resolved since prior period]

3. Significant tax issues, risks (including rating) and events

[Insert the significant issues / risks into the categories listed (examples are given below)]

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<tr>
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<tr>
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</tr>
</tbody>
</table>

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# APPENDIX D
## Tax Representations & Assurances Report

<table>
<thead>
<tr>
<th>Question</th>
<th>Responsibility</th>
<th>Response (Yes / No / N/A)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Statements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have all tax lodgements and remittances during the period, including income tax payroll and indirect taxes, been kept up-to-date?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have differences between prior period tax provisions and tax returns lodged been analysed and adjustments made to the period-end tax provision where appropriate?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have all disputes or disagreements arising during the period with the ATO been reported to the Board?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the Company hold sufficient franking credits to allow the Company to continue to pay franked dividends in accordance with past practice?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have all major tax items raised by the external auditors been addressed and satisfactorily resolved?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk Management and Internal Controls</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have the Company’s controls and tax compliance systems been reviewed by an external advisor in the previous 24 months to confirm they are working appropriately and the Company is tax compliant at all times?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have the following processes been performed during the period where applicable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Validation of inputs to tax submission (i.e. accounts results, changes to the asset register)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Monthly reconciliation for GST (BAS to balance sheet)</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Question</td>
<td>Responsibility</td>
<td>Response (Yes / No / N/A)</td>
<td>Comment</td>
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<td>Has the Company had any instances of significant control failings or weaknesses at any time during the period that have, or could have had, a material impact on the performance or position of the Company?</td>
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<tr>
<td>Have the Company’s tax policies and procedures have been updated to take into account all relevant changes in tax law and administration in the past 12 months?</td>
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<td>Does the Risk Register document all significant tax and business (if relevant) risks and disputes as defined by the Risk Rating Criteria, the key mitigations to address those risks, and any significant control weaknesses in relation to each risk?</td>
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<tr>
<td>Does the Tax Status Report document all significant transactions and events and general tax reporting items as defined in the Board Policy?</td>
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<td>Have all relevant personnel in your function attended requisite tax governance training when offered during the period?</td>
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</tbody>
</table>

I confirm that the answers and information provided in response to this questionnaire are correct and have been given on the basis of my knowledge after making extensive enquires, where appropriate, of relevant company employees.

Chief Financial Officer

Signed: ..................................................

Name:....................................................