

Fisher & Paykel Healthcare Group

Group Tax Strategy

Introduction

Fisher & Paykel Healthcare (FPH) collects and pays a significant amount of tax to the New Zealand Inland Revenue Department (IRD) each year. FPH collected and paid taxes totally more than NZ\$54 million to the IRD in relation to the 2010 financial year, being approximately NZ\$28 million of income tax, NZ\$25 million of PAYE, ESCT and FBT, and NZ\$1 million of GST output tax. FPH also collects and pays tax to various offshore Revenue Authorities.

The Group Tax Strategy is relevant to finance professionals with tax related responsibilities working for FPH. The purpose of the strategy is to set out the general framework within which the FPH tax function will operate including addressing the principles underlying and guiding the role of finance professionals within the Group, their key responsibilities, their professional conduct and their approach to working relationships with external parties with respect to tax.

Principles

FPH believes its obligation is to pay the amount of tax legally due in all jurisdictions, in accordance with rules set by Governments. The objective of the FPH tax function is to comply with relevant laws and regulations while responsibly managing the tax imposed on the Group and its shareholders.

FPH considers it proper to conduct an appropriate level of responsible tax planning to manage the tax imposed on the Group and its shareholders, this planning being consistent with the Group's obligations to protect the assets of the Group for the benefit of shareholders.

Managing the tax imposed on FPH and its shareholders will always involve taking into account relevant long term considerations and risks including:

- The maintenance of FPH's good reputation, brand and relationships with Governments and Revenue Authorities; and
- The possibility and consequences of Revenue Authorities having a different interpretation of the law.

Responsibilities and Professional Conduct

Members of the Finance team with tax related responsibilities will aim to:

- Effectively manage the tax risk of the Group;
- Observe all applicable tax laws, rules and regulations;
- Apply professional care and judgement to arrive at sound conclusions;
- Ensure all tax related decisions are made at the appropriate level and supported with documentation that evidences the background, facts, issues, risks and conclusions;

- Seek written advice or confirmation from external tax advisors when the tax law is unclear or subject to interpretation prior to reaching and/or to support decisions as appropriate;
- Develop and maintain good working relationships with Governments, Revenue Authorities and external tax advisors;
- Undertake all dealings with Governments and Revenue Authorities and external tax advisors in a professional, courteous and timely manner; and
- Seek to influence Governments and Revenue Authorities where possible and appropriate via making submissions on policy issues to shape future tax legislation and practice in ways that promote the Group's interest.

Commercial Rationale

The commercial needs of the Group are paramount and all tax planning and advice will be undertaken in this context. Where alternative paths exist to achieve the same commercial result, the most tax efficient approach should generally be recommended.

All advice and solutions to operational and corporate initiatives should be clear, timely, relevant, business focused and value added.

Due consideration will be given to the Group's reputation, brand and corporate and social responsibilities when considering tax related opportunities, as well as the applicable legal and fiduciary duties of directors and employees of the Group and these factors will form part of the overall decision making and risk assessment process.

Policy on Disclosure

Compliance with all relevant legal disclosure requirements will be adopted and all information will be clearly presented to the relevant Revenue Authorities, as appropriate. Openness, honesty and transparency will be paramount in all dealings with Governments and Revenue Authorities and other relevant bodies.

Comments / Questions

Any comments or questions on the Group Tax Strategy should be directed to the Finance Manager – Group Taxation or the Chief Financial Officer.

Approved by the Board 19 November 2008.
Tax payment information updated 13 July 2010.