

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

MILTON CORPORATION LIMITED

ABN/ARBN

18 000 041 421

Financial year ended

30 JUNE 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

.. these pages of our annual report: \_\_\_\_\_

**p** this URL on our website: <https://www.milton.com.au/>

The Corporate Governance Statement is accurate and up to date as at [*insert effective date of statement*] and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 1 August 2019



Sign here: \_\_\_\_\_  
Director/company secretary

Print name: Nishantha Seneviratne

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 2)  ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <b>p</b> at these locations: in our Corporate Governance Statement (Part 2) ; and in our Board Charter (Part 2) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 5) and <b>p</b> at these locations: in our Board Charter (Part 6) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a> ; and in our Nominations Committee Charter – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 5) ; and <b>p</b> at this location: in our Board Charter (Part 6) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 7)

Corporate Governance Council recommendation	We have <b><u>NOT</u></b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	<p><b>p</b> an explanation why that is so in our Corporate Governance Statement (Part 6)</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><b>p</b> at this location:</p> <p>In our Diversity Policy (Part 2) – <a href="http://milton.com.au/Shareholders/Charters%20&amp;%20Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><b>p</b> in our Performance Evaluation Policy (Part 2) - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>; and</p> <p>in our Nomination Committee Charter (Part 2) - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and the information referred to in paragraph (b):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4)</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><b>p</b> in our Performance Evaluation Policy (Part 2) - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>; and</p> <p>In our Remuneration Committee Charter (Part 2) - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and the information referred to in paragraph (b):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4)</p>
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p><b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4) ; and</p> <p>In our Nomination Committee Charter (Part 3) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and a copy of the charter of the committee:</p> <p><b>p</b> at this location:</p> <p>Nominations Committee Charter - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>p</b> at this location:</p> <p>in our Corporate Governance Statement (Part 4) ; and</p> <p>in our Annual Report 2019 /Directors Report/Directors Meetings (Page 10)</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: <b>p</b> in our Corporate Governance Statement (Part 3)
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <b>p</b> in our Corporate Governance Statement (Part 3) <b>p</b> in our Corporate Governance Statement (Part 3)  <b>p</b> in our Corporate Governance Statement (Part 3)
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 3)
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 3)
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <b>p</b> in our Corporate Governance Statement (Part 5) ;and In our Board Charter (Part 6) - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <b>p</b> at this location: In our Code of Conduct - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4) ; and</p> <p>In our Audit &amp; Risk Committee Charter (Part 3) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and a copy of the charter of the committee:</p> <p><b>p</b> at this location:</p> <p>In our Audit &amp; Risk Committee Charter – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>p</b> in our Corporate Governance Statement (Part 3) ; and</p> <p><b>p</b> at this location:</p> <p><a href="#">Annual Report 2019 /Directors Report / Directors Meetings (Page 10)</a></p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><b>p</b> in our Corporate Governance Statement (Part 9) ; and</p> <p>In our Risk Management Policy (Part 2) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><b>p</b> at this location:</p> <p>In our Audit &amp; Risk Committee Charter (Part 2) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><b>p</b> in our Corporate Governance Statement (Part 8) ; and</p> <p>In our Disclosure Policy (Part 1) - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <p><b>p</b> at this location:  <a href="http://milton.com.au/Shareholders/Corporate Governance">milton.com.au/Shareholders/Corporate Governance</a></p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><b>p</b> at this location:  In our Communication Policy (Part3) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><b>p</b> at this location:  In our Communication Policy (Part 4) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><b>p</b> at this location:  In our Communication Policy (Part 3) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><b>p</b> in our Audit &amp; Risk Committee Charter (Part 3) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and a copy of the charter of the committee:</p> <p><b>p</b> at this location:</p> <p>In our Audit &amp; Risk Committee Charter - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4)</p> <p><b>p</b> at this location:</p> <p><a href="#">Annual Report 2019 /Directors Report/Directors Meetings (Page 10)</a></p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p><b>p</b> in our Corporate Governance Statement (Part 9) ; and</p> <p>In our Risk Management Policy (Part 2) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p><b>p</b> at this location:</p> <p>In our Corporate Governance Statement (Part 4)</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><b>p</b> in our Corporate Governance Statement (Part 9) ; and</p> <p>In our Risk Management Policy (Part 2) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><b>p</b> in our Corporate Governance Statement (Part 9)</p>



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p><b>OR</b></p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4) ; and</p> <p>In our Remuneration Committee Charter (Part 3) – <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and a copy of the charter of the committee:</p> <p><b>p</b> at this location:</p> <p>In our Remuneration Committee Charter - <a href="http://milton.com.au/Shareholders/Charters &amp; Policies">milton.com.au/Shareholders/Charters &amp; Policies</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><b>p</b> in our Corporate Governance Statement (Part 4) ; and</p> <p><b>p</b> at this location:</p> <p><a href="#">Annual Report 2019 /Directors Report/Directors Meetings (Page 10)</a></p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><b>p</b> at this location:</p> <p><a href="#">Annual Report 2019 /Remuneration Report (Pages 12-18)</a></p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><b>p</b> at this location:</p> <p><a href="#">Annual Report 2019 /Remuneration Report (Pages 12-18)</a></p>

## CORPORATE GOVERNANCE STATEMENT

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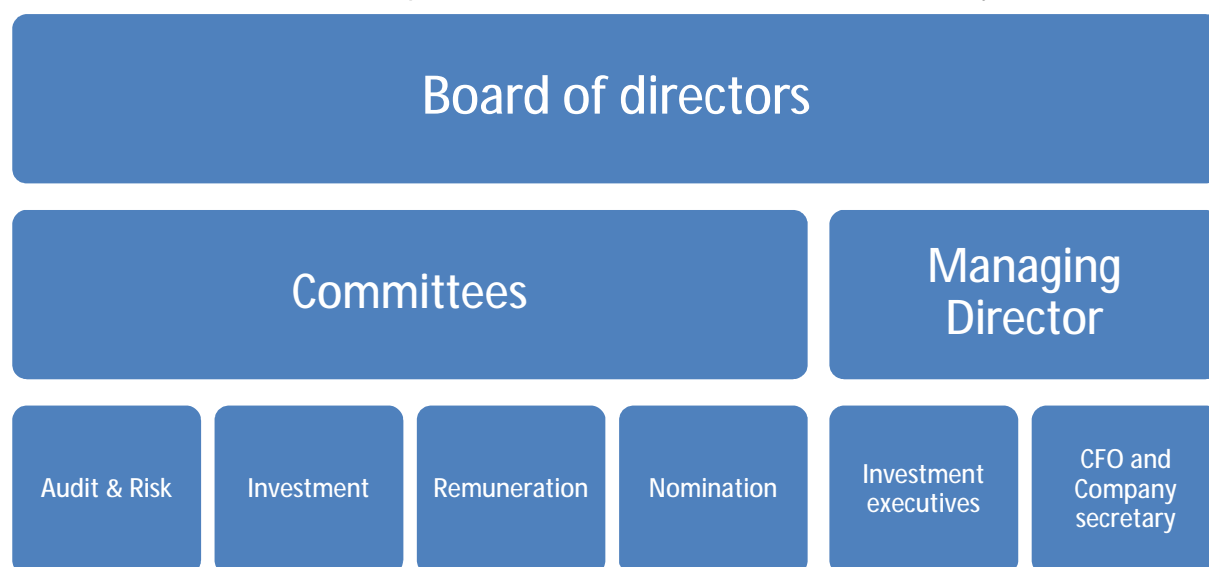
The directors of Milton consider sound corporate governance practices promote behaviour that is in the best interests of the company and is likely to assist in the delivery of increasing returns to shareholders over the long term.

This statement details the corporate governance framework put in place by the board of directors to promote sound management of the company. Ultimately the board is responsible for the operational and financial performance of the company.

This statement has been approved by the board of directors and is current as at 1 August 2019.

### 1. Corporate structure

The chart below shows the corporate structure that has been established by the board.



### 2. Responsibilities

The board operates in accordance with its Board Charter which includes the responsibilities specifically reserved for the board, the board's composition and how it is to operate.

The board's responsibilities are:

- Approving the corporate objective;
- Approving the investment philosophy and corporate strategy;
- Approving the business plan and budget;
- Monitoring the operational and financial performance of Milton;
- Approving the financial reports, shareholder communications and other public documents;
- Declaring dividends;
- Capital management including approval of all share issue offers such as the share purchase plan and dividend reinvestment plan and as consideration for company acquisitions;
- Approving portfolio movement recommendations above pre set limits;
- Reviewing of the internal control systems;
- Reviewing the performance of management and the Board itself;
- Approving the remuneration of the senior executives;
- Approving the appointment of senior executives; and
- Making recommendations regarding the election of directors.

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the chief executive.

### 3. Board composition and independence

The board comprises a majority of independent directors and currently there are five non executive and the managing director.

All of the non executive directors are considered to be independent. Each year the board formally considers the independence of directors taking into account length of service and any other factors that may compromise their exercise of independent judgement. All non executive directors are required to advise the board of any change in circumstances which may affect their independence.

The board is of the opinion that the independence of long serving directors, Messrs R.D. Millner and Dr. I.A. Pollard, has not been impeded and they continue to represent all shareholders. As a long term investor Milton benefits from their experience and corporate knowledge they have gained whilst being a director of Milton.

In accordance with the Corporations Act 2001, any director who has an interest of any kind in relation to any matter dealt with at a board or committee meeting is required to advise the meeting and abstain from participation in the decision process.

The names of the current directors, the date of their appointment and their qualifications are set out below.

Name of Director	Length of service as at 30 June 2019	Qualifications
Non executive and independent		
Mr. Robert D. Millner	20 years 11 months	FAICD
Mr. Graeme L. Crampton	10 years 1 month	B.Ec, FCA, FAICD
Mr. Kevin J. Eley	7 years 7 months	CA, F Fin, FAICD
Dr. Ian A. Pollard	20 years 11 months	BA (Macq), MA (Oxon), D Phil (IMC), FIAA, FAICD
Ms. Justine E. Jarvinen	1 Year 11 months	BE (Chem), F Fin, GAICD
Executive and non independent		
Mr. Brendan O'Dea	11 months	B.Ec. M.Bus, CA, MAICD

All board members are well qualified and highly experienced in their respective fields. Collectively the board has extensive experience in:

- Investment management;
- Industries such as banking, insurance, retail, mining, primary production, telecommunications, energy, engineering and utilities;
- Corporate strategy;
- Finance, accounting and tax;
- Disruptive technology;
- Governance and risk management; and
- Mergers and acquisitions

### 4. Committees

The board has established committees to assist it in carrying out its responsibilities. The roles and responsibilities of these committees have been approved by the board and are detailed in their charters which are available on Milton's web site.

#### *Audit & Risk Committee:*

The Audit & Risk Committee, consisting of at least three independent directors, reviews the effectiveness of the risk management and internal controls, the reliability of financial information and the appointment and effectiveness of the external auditor. The committee for the 2018/19 year comprised of Mr. K.J Eley, Dr. I.A. Pollard and chaired by Mr. G.L. Crampton.

To assist in this function, the committee may invite the external auditor and senior executives to report to meetings. Any significant non-audit services to be provided by the external auditors must be approved in advance by the Audit & Risk Committee. The Audit & Risk Committee considers that the provision of those non-audit services provided to date by the external auditor would not affect the auditor's independence.

The latest review of the risk management framework and internal control systems and processes in relation to the 2018/19 financial year was carried out by the Audit & Risk Committee in June 2019.

#### *Investment Committee:*

The Investment Committee, consisting of three independent directors, the managing director meets regularly to review the investment portfolio, to consider management's recommendations and to make investment decisions within defined limits. The committee consists of Messrs. R.D. Millner, K.J. Eley, B. O'Dea and Ms. J.E. Jarvinen. All directors may attend the Investment Committee meetings. The defined limits are reviewed by the board from time to time.

#### *Nomination Committee:*

The Nomination Committee consists of those directors who are not retiring and seeking re-election. The committee for 2018/19 financial year consists of Messrs. R.D. Millner, G.L. Crampton, K.J. Eley, B. O'Dea and Ms. J.E. Jarvinen. The Committee is chaired by Mr. R.D. Millner who is an independent director. Dr. I.A. Pollard who is due to retire in accordance with the company's constitution will be standing for re-election at the next annual general meeting to be held in October 2019.

All non-executive directors are subject to re-election at least every three years. The Nominations Committee reviews the composition of the board annually and makes recommendations on the appropriate skill mix, personal qualities, expertise and diversity. The committee also makes recommendations to the board regarding the election of directors by shareholders.

Nominations Committee is also responsible for conducting the annual review of the performance of the board as a whole and its committees in accordance with Milton's Performance Evaluation policy. The latest such performance review was conducted by the Nominations Committee in June 2019.

#### *Remuneration Committee:*

The Remuneration Committee consists of three independent directors including the Chairman. The committee for 2018/19 financial year consists of Messrs. R.D. Millner (Chair), G.L. Crampton and Dr. I.A. Pollard.

The committee formally reviews the performance of the managing director and each year it makes specific recommendations to the board on remuneration packages and other terms of employment for senior executives and directors.

The latest performance reviews of the managing director and senior executives were conducted in June 2019.

## **5. Director Appointment and induction**

The board is responsible for the selection and appointment of new directors after the appropriate background checks have been made.

All directors are subject to re-election at least every three years. Any director (except the Managing Director) who has been appointed during the year must stand for election at the next annual general meeting (AGM).

In accordance with Milton's induction programme new directors are provided with a formal letter of Appointment, Deed of Indemnity, Insurance and Access agreement, Constitution, Corporate Governance Statement and related charters and policies. Milton has written agreements with each of its directors which details their terms of appointment.

New directors are encouraged to meet with management and attend all committee meetings to develop a deep understanding of the operation of the company.

Ongoing director professional development is facilitated through regular management presentations on key business functions as well as statutory and regulatory updates. Services of external consultants are engaged to cover specific topics of interest areas as and when required.

Independent professional advice may be sought by a director at Milton's expense with the prior approval of the chairman. A copy of advice received by the director is made available to the chairman to be dealt with at his discretion.

## **6. Diversity**

The board has established a diversity policy which is available on Milton's website.

The policy acknowledges the advantages of gender diversity as well as diversity of age and skills.

The key element of the diversity policy is that Milton will seek the best person with the appropriate characteristics that is available for the position and will not discriminate against candidates on the grounds of gender, age, ethnicity or cultural background.

In relation to the appointment of each new director, the board will consider a broad range of candidates and seek to appoint the person that would best complement the collective skills, experience and diversity of the current directors.

Milton considers gender diversity whenever the opportunity arises and appointment of a director will always be based on the relative merits of the candidates. At the time of this report, there were four male non-executive directors and one female non-executive director.

Milton has diversity amongst its employees with women representing 57% of total employees and 40% of senior executives. Senior executive positions at Milton include CEO, CFO and three investment managers responsible for making investment portfolio recommendations. The team members have different backgrounds, age and experience.

## **7. Company Secretary**

Mr. Nishantha Seneviratne is the Company Secretary and Chief Financial Officer of Milton having overall responsibility for company secretarial, finance and governance functions.

The Company Secretary is directly accountable to the Board, through the Chair on all matters relating to the proper functioning of the Board.

## **8. Continuous disclosure and shareholder communication**

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules.

The board reviews and approves all announcements to the ASX, except for the monthly net asset backing announcements which are reviewed by the chief financial officer and the managing director.

Milton has established a website to enhance communication with its shareholders and potential investors. The website contains historical information, copies of all information disclosed to the ASX and a corporate governance section that includes details of the various committee charters and policies. Shareholders, who have advised Milton of their email addresses, are notified by email of all announcements to the ASX. The Milton communications policy is available on Milton's website.

## **9. Risk management**

The managing director and chief financial officer report annually to the Audit & Risk Committee on Milton's risk management system.

A written declaration in relation to the 2018/19 financial year has been provided to the board by the managing director and chief financial officer stating that, in their opinion, the financial records of Milton have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Milton and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.

The board considers an internal audit function is not necessary due to the nature and size of Milton's operations. The external auditors report to the Audit & Risk Committee on risk management issues identified during the course of the audit. The risk management policy is available on Milton's website.

Milton is not directly exposed to material environmental and social sustainability risks. However, Milton may have indirect exposure through its investments in companies that have material exposure to such risks. Milton regularly evaluates its overall risks of its existing investments as well as potential investments. Assessment of economic, environmental and social sustainability risks of companies in which Milton invests forms part of Milton's overall evaluation of performance of its investments.

#### **10. Trading policy in relation to listed securities**

Milton has developed a trading policy to ensure directors and employees comply with insider trading provisions of the Corporations Act and to avoid the risk they are perceived to have traded while in the possession of insider information.

The trading policy is provided to all directors and employees so that they are aware of the restrictions that apply to them in relation to their dealing in securities.

The trading policy is available on the Milton webpage at [www.milton.com.au/governance](http://www.milton.com.au/governance)