

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

CARLTON INVESTMENTS LIMITED

ABN/ARBN

85 000 020 262

Financial year ended:

30 June 2021

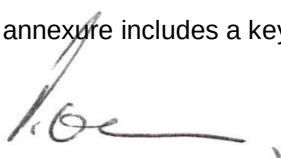
Our corporate governance statement¹ for the period above can be found at:²

☒ This URL on our website:

<https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20GovernanceStatement.pdf>

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.³



Name of authorised officer authorising lodgement: Date: 17 August 2021
Peter Horton (Company Secretary)

¹ "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.

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 Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (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.	☒ and we have disclosed a copy of our board charter at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.	☒ in our Corporate Governance Statement (Section 1) at https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒ in our Corporate Governance Statement (Section 1) at https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ in our Corporate Governance Statement (Section 1) at https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “insert location” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate governance/charters/”).

⁵ If you have followed all of the Council's recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) 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. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☒ and we have disclosed a copy of our diversity policy at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx and we have disclosed the information referred to in paragraph (c) in our Corporate Governance Statement	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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; or (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.	☒ and we have disclosed a copy of the charter of the committee at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx and the information referred to in paragraphs (4) and (5) in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☒ and we have disclosed our board skills matrix in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
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, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors and the information referred to in paragraph (b) in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf and the length of service of each director in the Directors' Report in our financial report for the year ended 30 June 2021 available at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/CIN%20Appendix%204E%20and%20Financial%20Report%2030%20June%202021.pdf	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.		☒ set out in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values in our Core Values, Code of Ethics and Code of Conduct Statement at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx	☐ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and (2) any other material breaches of that code that call into question the culture of the organisation.	☒ and we have disclosed our code of conduct in our Core Values, Code of Ethics and Code of Conduct Statement at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☐	☒ set out in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption provisions in our Core Values, Code of Ethics and Code of Conduct Statement at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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; or (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.	☒ and we have disclosed a copy of the charter of the committee at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx and the information referred to in paragraphs (4) and (5) in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf and in the financial report for the year ending 30 June 2021, available at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/CIN%20Appendix%204E%20and%20Financial%20Report%2030%20June%202021.pdf	☐ set out in our Corporate Governance Statement
4.2	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.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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; or (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.	☒ and we have disclosed a copy of the charter of the committee at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx and the information referred to in paragraphs (4) and (5) in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf and in the financial report for the year ending 30 June 2021, available at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/CIN%20Appendix%204E%20and%20Financial%20Report%2030%20June%202021.pdf	☐ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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 governance, risk management and internal control processes.	☒ and we have disclosed 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 at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☒ and we have disclosed whether we have any material exposure to environmental and social risks in our Corporate Governance Statement at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/2021%20Corporate%20Governance%20Statement.pdf	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (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; or (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.	☒ and we have disclosed a copy of the charter of the committee at: www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx and the information referred to in paragraphs (4) and (5) in the financial report for the year ending 30 June 2021, available at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/CIN%20Appendix%204E%20and%20Financial%20Report%2030%20June%202021.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in our financial report for the year ending 30 June 2021 at: https://www.carltoninvestments.com.au/site/DefaultSite/filesystem/documents/2021/CIN%20Appendix%204E%20and%20Financial%20Report%2030%20June%202021.pdf	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	☐	☒ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable

2021 CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

This 2021 Corporate Governance is current as at 17 August 2021 and has been approved by the Board of Directors of the company.

This statement outlines the main Corporate Governance practices that have been adopted by the Board which, unless otherwise stated, comply with the 4th edition of ASX Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. The appropriateness of the adopted practices is subject to continuous review by the Board. Companies listed on the Australian Securities Exchange are required under the ASX Listing Rules to detail the principles and recommendations with which they have not complied and provide reasons as to why they have not done so.

The eight ASX Corporate Governance Principles and the Company's approach to these principles are as follows:-

1. Lay solid foundations for management and oversight

The Company has a Board of three non-executive directors and two employees, namely the company secretary/chief financial officer and a compliance manager. Due to the lack of complexity in the Company's operations no director acts as chief executive officer. In accordance with Board policy the company secretary/chief financial officer is primarily and directly responsible to the directors for the general and overall management of the Company.

The terms and conditions relating to the appointment and retirement of all directors are determined on a case by case basis within the requirements of the Corporations Act 2001 and the ASX Listing Rules. The Company provides directors and senior management, on appointment, a letter setting out key terms and conditions relative to their appointment so that they clearly understand their corporate expectations.

Under the Company's Constitution directors are subject to re-election by shareholders by rotation every three years. The Board has established a Nominations and Remuneration Committee whose responsibilities include identifying and overseeing the appointment of new directors with the necessary and desirable competencies. Prior to the appointment of directors, appropriate background and reference checks are undertaken.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each director standing for election or re-election including details of their relevant experience. Details regarding the current directors are included in the financial report for the year ended 30 June 2021, which is available on the company's website.

Letters setting out the terms of appointment have been issued and acknowledged in writing by each director.

The primary responsibility of the Board is to develop the overall strategy of the Company and to preside over the management of the Company to protect and enhance shareholders' interests. The Board's role is to ensure the Company meets its obligations and responsibilities in all areas affecting shareholders, the market and the community generally. The Board's roles and responsibilities which include strategic direction of the Company, governance and operating performance, are set out in its Charter which is reviewed on a regular basis. A copy of the Charter is available on the Company's website. The policies and procedures detailed in this Statement have been instituted by the Board to ensure that the Board's roles and responsibilities are complied with. The Board is assisted in the execution of its responsibilities by the Audit and Risk Committee and the Nominations and Remuneration Committee, both of which are chaired by an independent non-executive director.

2021 CORPORATE GOVERNANCE STATEMENT

1. Lay solid foundations for management and oversight (continued)

Meetings of the Board are held regularly during the year. In any month where a meeting does not take place the company secretary still prepares a detailed report for the Board's information and consideration.

The most recent performance evaluation and remuneration review conducted by the Nominations and Remuneration Committee for the company secretary/chief financial officer was carried out in May 2021, after reference to current market rates. Detail of remuneration for the company secretary/chief financial officer is set out in the financial report for the year ended 30 June 2021, which is available on the company's website.

The company secretary/chief financial officer is responsible to the Board for the implementation of the strategy and management of the Company. He manages the Company's operations in accordance with the strategy, business plans and policies approved by the Board to achieve agreed goals. He acts as public officer for taxation matters and is responsible for the Company's continuous disclosure requirements of the ASX.

The company secretary/chief financial officer is accountable directly to the Board through the Chairman for matters relevant to the Board.

The Company's policy on diversity stipulates that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions. This policy also applies to employees. Currently the Company has a Board of three male directors and one male and one female employee. The size of the Company's operations does not provide widespread opportunities to have a workforce covering all sections of the community.

2. Structure the Board to add value

The Board's policy is that, of the three directors comprising the Board, two must be independent non-executive directors not having a major shareholding in the Company, not having been a principal or employee of a professional advisor or consultant to the Company within the previous three years, not having been employed in an executive capacity by the Company and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement. Both Mr Clark and Mr Bleach are independent non-executive directors having served on the Board since 2000 and 2014 respectively. Due to the nature of the Company's activities it is not considered that Mr Clark's length of service as a director could, or could reasonably be perceived to, materially interfere with his ability to act in the best interests of the Company. The Chairman, Mr A G Rydge, due to his related interests in the Company, is not considered to be independent however, the remaining members of the Board do not consider that this in any way diminishes the effective conduct of the Board's functions.

The Company seeks to maintain a Board of directors with broad knowledge of and involvement in the finance and investment sectors with past financial and management experience, preferably with publicly listed companies. It is the Company's policy that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions. The Board has developed a matrix to consider the mix of appropriate skills, experience and expertise for Board membership. As well as the general skills expected for Board membership; the matrix includes items such as relevant experience in investment portfolio management and capital management.

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2. Structure the Board to add value (continued)

The following table summarises the key skills and experience that the company seeks in its Board of Directors:

Skills and Experience	Rating*
Financial acumen	High
Investment portfolio management	High
Management/CEO experience	High
Holds or has held other Directorships of listed entities	Medium
Risk and strategic risk management	High
Governance	High
Capital management	High

**The Board has assessed its rating considering the combined skills, competency and experience of Board member in each key area deemed relevant for the Group.*

On induction, new directors are provided with relevant financial information, Board and Committee Charters and all Company policies. The new director then meets with the Chairman and company secretary to discuss the Company history, significant financial, accounting and risk management issues, existing investment portfolio and investment guidelines.

The Company has a Nominations and Remuneration Committee comprising the three non-executive directors. This Committee is chaired by an independent non-executive director. The roles and responsibilities of this Committee are set out in its Charter, which is reviewed annually for appropriateness. In accordance with the Charter it evaluates on an annual basis and by discussion, the Board's and each individual director's performance. The Committee assesses the necessary and desirable competencies of Board members and reviews succession plans taking into consideration the range of skills, experience and expertise of the current members. The Committee also considers whether there is a need for existing directors to undertake professional development to maintain their skills. The last such review was performed in May 2021. Each director is required to notify the Board of any change in circumstances that could impair their position as a director.

Fees paid to the non-executive directors (there are no executive directors) are set each year by the Committee and, after reference to current market rates, are based on the nature of each director's performance and responsibilities. In accordance with the Corporations Act 2001 total fees for all directors are within the maximum amount of fees that have been approved by the shareholders at general meetings to be paid to the directors.

Directors do not receive any form of remuneration other than by way of payment of directors' fees for past service and the Superannuation Guarantee levy. No commitments have been given to make a payment to a director on retirement. They do not receive any options over shares in the Company. Details of directors' remuneration are set out in the financial report for the year ended 30 June 2021, which is available on the company's website. The Chairman meets with each director and officer to discuss matters affecting Board and management effectiveness as and when they arise. Each director also may at any stage raise appropriate matters with the Chairman.

Subject to prior discussions in a Board meeting, each director is entitled to seek independent professional advice at the Company's expense provided such advice is essential for the execution of

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the director's obligations. A copy of the advice received by the director is made available to all other members of the Board.

3. *Promote ethical and responsible decision making*

Carlton Investment's Core Values underpin the Code of Ethics and Business Policy (the Code) and generally how the company's business is conducted.

The Company, through its Code of Ethics and Business Conduct, recognises the importance of the Company's directors and employees conforming to the highest standards of lawful, ethical and responsible decision making. All directors and employees are made aware that they are expected to act in their business dealings for the Company in accordance with the Law, in a socially responsible manner and with high standards of propriety. The Code covers areas such as the Company's and the Board's policy on diversity and its responsibilities towards employees and shareholders, dealings with third parties, conflicts of interest, safeguarding assets, financial reports and accounting records and insider information and trading in the Company's shares and the Company's anti-bribery policy. Directors and employees must keep the Board advised on an on-going basis of any interest that could potentially conflict with those of the Company. As the company only has two employees, both of whom attend Audit and Risk Committee meetings, the implementation of a "whistleblower" policy is not considered necessary at this time. The Audit and Risk Committee has a private session with the Compliance Manager at each of its meetings where any matters of concern can be raised by the Compliance Manager with the Audit Committee.

The Company has a Trading Policy that specifies the periods of the year where trading in its shares by directors and employees are prohibited.

A copy of the Core Values, the Code and the Trading Policy are available on the Company's website.

4. *Safeguard integrity in financial reporting*

The Company, in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, has an Audit and Risk Committee whose roles and responsibilities are set out in its Charter. The Charter is reviewed annually for appropriateness. A copy of the Charter can be obtained from the Company's website. The Committee acts as an independent and objective body to monitor the Company's financial reporting processes, corporate risk assessment, systems of internal controls and the results of the external audit (including a review of the independence of the external auditor). The Committee consists of the three non-executive Board members and is chaired by an independent non-executive director. The Committee receives comprehensive regular reports on the Company's affairs from the company secretary/chief financial officer and have unrestricted access to Company records and information. The Committee requires the company secretary/chief financial officer to provide it with a declaration under Section 295(A) of the Corporations Act each half year and annually stating whether, in his opinion, the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and whether they are in accordance with the relevant accounting standards. He is also required to state whether, in his opinion, the integrity of the financial statements has been founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and whether the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects. The compliance manager and company secretary/chief financial officer also confirm to the Board each month that any periodic reports released to the market, that are not audited or reviewed by an external auditor, have been prepared following agreed verification and proofing procedures.

The engagement partner of the external auditor meets with the Audit and Risk Committee each six months when finalising the half year and annual results to discuss the audit findings including whether there are any significant issues that have arisen during the audit. The engagement partner has been requested to raise with the Board at any other time any pertinent issues that should be addressed by the Board. The Committee also meets with the external auditor to review the auditor's performance and

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to discuss the proposed audit plan and fees. The Committee, after reviewing the auditor's performance, has the responsibility for determining whether a recommendation be made to the Board that there should be a change of external auditor. It is responsible for ensuring that there is a rotation of audit engagement partner in accordance with legislation currently in force.

The Committee reviews the appropriateness of any significant non-audit service proposed to be provided by the external auditor before giving its approval.

The engagement partner from the external auditor attends the annual general meetings and is available to answer shareholders' questions at that meeting.

5. *Make timely and balanced disclosure*

The company secretary/chief financial officer has, in accordance with the Company's written Continuous Disclosure Policy, been nominated as the person with primary responsibility for the Company's communications with the ASX and is required to be fully conversant with the ASX Continuous Disclosure Listing Rules as they affect the Company. He is responsible for ensuring that communications are made in a timely manner, are factual and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. The Board, in accordance with the Board Charter, meets with the company secretary/chief financial officer on a six monthly basis to review the Company's on-going compliance with the continuous disclosure requirements. Each member of the Board has a responsibility to advise the company secretary/chief financial officer of any relevant disclosure matters of which they become aware.

6. *Respect the rights of shareholders*

It is Company policy to maintain full and informative communications with all shareholders. This is achieved by way of detailed reports to shareholders on the half year and annual results, net tangible asset backing details disclosed monthly to the market and through the Chairman's address at general meetings. Copies of these documents, together with any other announcements made to the ASX are available from the websites of the Company and the ASX. Copies of documents covering Corporate Governance matters such as the Board and committee charters, risk management policy, communications, code of conduct, continuous disclosure policy, etc. are available to shareholders on the Company's website under "*About us/Governance and Policies*". The website address for the Company is <https://www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx>

At shareholder meetings the Company will determine non-procedural resolutions by poll rather than by show of hands, unless the vote has already been decided by proxy votes.

Shareholders are able to contact the Company or its share registrar, Computershare Investor Services Limited, by mail, telephone, email or online via the Computershare Investor Centre portal. Shareholders may choose to receive communications from, and send communications to, the Company and Computershare electronically.

7. *Recognise and manage risk*

The Company has a detailed policies, procedures and controls manual that sets out the roles of the Board and management in recognising risks associated with the consolidated entity's operations and the safeguards instituted to control those risks. It is the Audit and Risk Committee's responsibility to review the risk management policies and to ensure that they are both appropriate for the Company's operations and are being adhered to. The Company does not have an internal audit function due to the lack of complexity in its operations however, the Company employs a part-time compliance manager who reports to the Board monthly on compliance with key internal control processes and reporting requirements and attends each Audit and Risk Committee meeting. The company secretary/chief financial officer also reports to the Audit and Risk Committee and Board as at each half year and financial year end whether, in his opinion, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted

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by the Board and that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects. The Audit and Risk Committee meets with the engagement partner of the external auditor at least every six months to discuss the auditor's review or audit findings. These requirements have been undertaken in respect of the year ended 30 June 2021.

The Audit & Risk Committee, on behalf of the Board, reviews the Group's risk management framework each year. The Audit & Risk Committee has reviewed the Group's risk management framework and supporting procedures for the year ended 30 June 2021 and is satisfied that they remain sound. The Board is satisfied that the Company is operating within its set risk appetite parameters.

The Company has economic and investment risks but does not have any direct environmental and social risks. In addressing investment risk, the Board considers the economic environmental and social risks of those companies in which the Company invests.

A copy of the Company's risk management policy is available on the Company's website.

8. *Remunerate fairly and responsibly*

As detailed under 2 above the Company has a combined Nominations and Remuneration Committee that has as one of its responsibilities the determination of appropriate remuneration policies for Board members and employees. The Committee has a Charter that sets out its role and responsibilities, composition, structure and membership requirements. The membership of the Committee consists of the three non-executive directors and is chaired by an independent director.

Compliance with ASX Corporate Governance Principles and Recommendations

The Company complies, to the extent appropriate for an organisation of its size, with the ASX Corporate Governance Principles and Recommendations, with the exception of:

- Recommendation 2.5, as the Chairman is not considered to be an independent director due to his related interests in the Company. The remaining members of the Board do not consider that this in any way diminishes the effective conduct of the Board's functions; and
- Recommendation 3.3, as the Company does not have a "whistleblower" policy. Given the size of the Company and also taking into account compensating procedures undertaken, the Board does not consider that this exception impacts on the effectiveness of the Board's governance processes. Refer section 3 above.