

## 2021 CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the current position of Candy Club Holdings Limited (Company) with regards to the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations – 4<sup>th</sup> Edition (**Principles and Recommendations**).

While the Principles and Recommendations are not mandatory, the Company will be required to disclose the extent to which it complies with the Principles and Recommendations.

For further information about the Company’s corporate governance policies, and to obtain copies of these policies, please refer to the Company’s website.

RECOMMENDATIONS (4 <sup>TH</sup> EDITION)	COMPLY	EXPLANATION
<b><i>Principle 1: Lay solid foundations for management and oversight</i></b>		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should have and disclose a board charter setting out:</p> <p>(a) the respective roles and responsibilities of the Board and management, and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	YES	<p><b>The Role of the Board</b></p> <p>The Board is responsible for, and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of the Company.</p> <p><b>The Role of Management</b></p> <p>It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a Director; and</p> <p>(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.</p>	YES	<p>The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.</p> <p>The Company provides material information about any candidate to enable security holders to make informed decisions regarding the candidate’s election or re-election.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee.</p> <p>The Company’s officers and management have all entered into service contracts which outline the responsibilities of each of the Company’s officers and of management personnel when performing their roles for the Company.</p>

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<p><b>Recommendation 1.4</b></p> <p>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.</p>	YES	The Company Secretary has a direct reporting line to the Board, through the Chair, on all matters to do with the proper functioning of the board.
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(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</p> <p>(c) disclose in relation to each reporting period:</p> <p>(i) the measurable objectives set for that period to achieve gender diversity;</p> <p>(ii) the entity's progress towards achieving those objectives; and</p> <p>(iii) either:</p> <p>(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</p>	PARTIAL	<p>The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals.</p> <p>The Board has established a Diversity Policy and will endeavour, where appropriate and practicable, to comply with this policy. The Diversity Policy is disclosed on the Company's website.</p> <p>The Company intends to set meaningful gender and diversity objectives commensurate with the Company's size and operations. No measurable objectives have been set to date. There are currently no women on the Board and there are three female senior managers of six senior management positions (50%).</p>

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<p>(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 the Workplace Gender Equality Act.</p> <p>If the entity was in the S&amp;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.</p>		
<p><b>Recommendation 1.6</b></p> <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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	YES	<p>Due to the current size of the Board and the Company, a Remuneration and Nomination Committee has not been established and the Board is currently responsible for evaluating its performance, its committees and individual directors.</p> <p>The review is in the form of an informal meeting based on review goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement identified. The Chair provides each Director with confidential feedback on their performance.</p> <p>No Board performance review was conducted in the period. It is intended that a review will be conducted in 2022.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(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.</p>	YES	<p>The Board is responsible for evaluating the performance of the senior executives. The evaluation procedure for senior executives includes a review and assessment of performance against key performance indicators.</p> <p>A performance review of senior executives was conducted during the period.</p>
<p><b>Principle 2: Structure the Board to be effective and add value</b></p>		

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<p><b>Recommendation 2.1</b> The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</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>	YES	<p>The Board is responsible for the nomination and selection of Directors. Given the size of the Company and the nature of its operations, the Board does not believe it to be appropriate to establish a nomination committee at this time.</p> <p>The composition of the Board, its performance and the appointment of new Directors will be reviewed as deemed necessary by the Board, taking advice from external advisors where considered appropriate.</p>
<p><b>Recommendation 2.2</b> 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.</p>	NO	<p>The Board has not, at this time adopted a board skills matrix. However, the Company considers its directors have an appropriate range of skills, experience and expertise.</p>
<p><b>Recommendation 2.3</b> A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p>	YES	<p>The Company currently has four directors, being Managing Director, Mr Keith Cohn, and Non-Executive Directors Mr Andrew Clark, Mr James Baillieu and Mr Chi Kan Tang.</p>

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<p>(b) if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (4th Edition), 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</p> <p>(c) the length of service of each Director</p>		<p>The Board assesses whether a director is independent based on ASX independence guidelines. None of the current four current Directors are considered independent directors. Non-Executive Directors James Baillieu and Kan Tang are substantial shareholders and Andrew Clark received options as remuneration during the year and provides additional consulting services to the Company.</p> <p>The Board consider the above reasons for non-independence does not impact integrity each director's objectivity or ability to exercise independent judgement in relation to all Board and Company activities.</p> <p>The length of service of each director is disclosed in the Company's annual report.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	NO	<p>Due to the size of the Company and the nature and scale of the Company's operations the Board considers the presence of three non-independent Non-Executive Directors to be sufficient at this stage and will consider the appointment of an additional independent director in the future.</p>
<p><b>Recommendation 2.5</b></p> <p>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.</p>	Partial	<p>The Chair of the Board is Mr James Baillieu, who is not considered an independent Director due to Mr Baillieu being a substantial shareholder of the Company. The Board considers Mr Baillieu to be the appropriate Chairman for the Company at this critical stage of the Company's growth and development.</p> <p>The role of CEO and Chairman are not exercised by the same person.</p>
<p><b>Recommendation 2.6</b></p> <p>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.</p>	YES	<p>The Board shall induct new directors in accordance with the process set out in the Company's Board Charter which is disclosed on the Company's website.</p>
<p><b><i>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</i></b></p>		

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<p><b>Recommendation 3.1</b> A listed entity should articulate and disclose its values.</p>	YES	<p>(a) The Company and its subsidiary companies (if any) are committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.</p> <p>(b) The Company's values are set out in its Code of Conduct and are available on the Company's website. All employees are given appropriate training on the Company's values and senior executives will continually reference such values.</p>
<p><b>Recommendation 3.2</b> A listed entity should:</p> <p>(a) have and disclose a code of conduct for its Directors, senior executives and employees; and</p> <p>(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 any other material breaches of that code that call into question the culture of the organisation.</p>	YES	<p>The Board has established a Code of Conduct.</p> <p>The Board is committed to meeting their responsibilities under the Constitution and Corporations Act when carrying out their functions as company officers.</p> <p>The Code of Conduct is disclosed on the Company's website.</p>
<p><b>Recommendation 3.3</b> A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(a) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.</p>	YES	<p>The Company's Whistleblower Protection Policy is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.</p>
<p><b>Recommendation 3.4</b> A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the Board or committee of the Board is informed of any material breaches of that policy.</p>	NO	<p>The Board recognises that giving bribes or other improper payments or benefits to public officials is a serious criminal offence and can damage a listed entity's reputation and standing in the community.</p> <p>The Company does not currently have a formal Anti-bribery and Corruption Policy in place. The Board intends to implement an Anti-bribery and Corruption Policy in 2022.</p>

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<b>Principle 4: Safeguard the integrity of corporate reports</b>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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</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>	PARTIAL	<p>The Board fulfils the responsibilities of the Audit and Risk Committee. The Board has adopted a Charter for the Audit and Risk Committee, which is available on the Company's website.</p> <p>The Directors believes it is appropriate for the Board to act as the Audit Committee at this stage of the Company's development. Given the size of the Board and the Company's current operations, it is considered that no efficiencies or other benefits would be gained by establishing a separate Committee. The Board will review this position on an ongoing basis as the Company grows.</p> <p>Details on Board composition and independence have been set out previously in this Corporate Governance Statement.</p>
<p><b>Recommendation 4.2</b></p>	YES	<p>The Board receives an assurance from the CEO and CFO (or equivalent) for each financial reporting period that their opinion is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>

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<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 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><b>Recommendation 4.3</b> 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.</p>	YES	<p>The Board and relevant Senior Management review any periodic corporate report that is released to the market that has not been audited or reviewed by an external auditor.</p>
<p><b>Principle 5: Make timely and balanced disclosure</b></p>		
<p><b>Recommendation 5.1</b> A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	YES	<p>The Company has adopted a Communication and Disclosure Policy to ensure compliance with its disclosure obligations under the ASX Listing Rules.</p> <p>To comply with the ASX Listing Rules, the Company intends to immediately notify the ASX of information:</p> <ul style="list-style-type: none"> <li>• concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;</li> <li>• that would, or would be likely to, influence persons who commonly invest in securities.</li> </ul> <p>The Communication and Disclosure Policy includes processes designed to ensure that Company information:</p> <ul style="list-style-type: none"> <li>• is disclosed in a timely manner;</li> <li>• is factual;</li> <li>• does not omit material information; and</li> <li>• is expressed in a clear and objective manner that allows the input of the information when making investment decisions.</li> </ul> <p>The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company. Accordingly, in following and adhering to its Communications and Disclosure Policy the Company will comply with its continuous disclosure obligations</p>

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<p><b>Recommendation 5.2</b></p> <p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	YES	All members of the Board receive material market announcements prior to be being made.
<p><b>Recommendation 5.3</b></p> <p>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.</p>	YES	All substantive investor or analyst presentations are released on the ASX Markets Announcement Platform ahead of such presentations.
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<p><b>Recommendation 6.2</b></p> <p>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	YES	<p>The Board is committed to ensuring that Shareholders receive information relating to the Company on a timely basis and shall endeavour to keep Shareholders well informed of all material developments of the Company.</p> <p>The Company has developed a Communications and Disclosure Policy to ensure all relevant information is identified and reported accordingly.</p> <p>The Company encourages shareholders to attend and participate in general meetings and will make itself available to meet shareholders and respond to shareholder enquiries.</p>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	YES	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes.
<p><b>Recommendation 6.4</b></p> <p>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.</p>	YES	All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.
<p><b>Recommendation 6.5</b></p> <p>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>	YES	The Company and its share registry actively encourage electronic communication. All new shareholders will be issued with a letter encouraging the registration of electronic contact methods Shareholders queries should be referred to the Company Secretary at first instance.

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<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	PARTIAL	<p>The Board fulfils the responsibilities of the Audit and Risk Committee. The Board has adopted a Charter for the Audit and Risk Committee, which is available on the Company's website.</p> <p>The Directors believes it is appropriate for the Board to act as the Audit and Risk Committee at this stage of the Company's development. Given the size of the Board and the Company's current operations, it is considered that no efficiencies or other benefits would be gained by establishing a separate Committee. The Board will review this position on an ongoing basis as the Company grows.</p> <p>Details on Board composition and independence have been set out previously in this Corporate Governance Statement.</p>
<p><b>Recommendation 7.2</b></p> <p>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 that the entity is operating with due regard to the risk appetite set by the Board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>The Company has adopted a Risk Management Policy designed to ensure:</p> <ul style="list-style-type: none"> <li>• all major sources of potential opportunity for harm to the Company (both existing and potential) are identified, analysed and treated appropriately;</li> <li>• business decisions throughout the Company appropriately balance the risk and reward trade off;</li> <li>• regulatory compliance and integrity in reporting is achieved; and</li> <li>• the Company's good standing with its stakeholders continues.</li> </ul>

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		The Board and management review the Company's risk management framework annually, a review occurred during the period.
<p><b>Recommendation 7.3</b></p> <p>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; or</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 governance, risk management and internal control processes.</p>	YES	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the review of risk management and internal control processes on a regular basis.
<p><b>Recommendation 7.4</b></p> <p>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.</p>	YES	The Company may from time to time be exposed to economic, environmental and social sustainability risks. The Company has adopted a Risk Management Policy to assist with management of these risks.
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p>	YES	<p>Given the size of the Board and the Company's current operations the Company has not established a separate Remuneration and Nomination Committee as it is considered that no efficiencies or other benefits would be gained by establishing a separate committee. Prior to establishment of a separate committee, the Board will oversee matters usually within the responsibility of a Remuneration and Nomination Committee. The Board will review this position on an ongoing basis.</p> <p>The Board is responsible for the Company's remuneration policy and has adopted a Nomination and Remuneration Policy which outlines the processes by which the Board shall review officer and management remuneration. A copy of the Policy is available at the Company's website.</p> <p>The Company is committed to remunerating its officers and executives fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance. Further disclosure of officer and executive remuneration will be made in accordance with the ASX Listing Rules and the Corporations Act.</p>

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(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><b>Recommendation 8.2</b></p> <p>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>	YES	<p>The Company discloses all Director and executive remuneration and policies on remuneration in its annual reports.</p> <p>The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision- making process.</p> <p>In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as Options).</p> <p>Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.</p> <p>The Board reviews and approves the Company's nomination and remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.</p>
<p><b>Recommendation 8.3</b></p> <p>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>	Yes	<p>The Company has established an equity-based remuneration scheme. Participants are not currently permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>The Board is responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.</p>

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		<p>(a) The Company recognises that Director, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available on the Company's website) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.</p>