



HGL Limited

Board Charter

1. Introduction

The Board of HGL Ltd (“Board”) has the ultimate responsibility to its shareholders for the strategy and performance of the Company in general. The Board is dedicated to fulfilling these duties in a lawful and professional manner, and with the utmost integrity and objectivity.

This Board Charter is a written policy document that defines the respective roles, responsibilities and authorities of the Board, both individually and collectively, and of management in setting the direction, management and the control of the organisation. As such, it establishes the guidelines within which the Directors and Officers are to operate as they carry out their respective roles. It does not in any way constitute legal advice or act as a substitute for legal advice.

The purpose of this Board Charter is to document the policies upon which the Board has decided to meet its legal and other responsibilities.

The Board Charter will need to be regularly reviewed and updated to reflect changes in the legal framework within which the Company operates, and amendments and developments in Board policies and procedures.

Nothing in this Charter must conflict with the Company’s Constitution (“Constitution”). If such a conflict occurs, the Constitution shall prevail.

Any reference to gender in this Charter should be interpreted as applicable to both males and females.

2. The Role of the Board

The Board is ultimately responsible for all matters relating to the running of the Company.

The Board’s role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. 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.

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Providing leadership to the Company by:
 - Guiding the development of an appropriate culture for the Company through the establishment and review of Codes of Conduct, policies and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
 - Always acting in a manner consistent with the Company's culture and Code of Conduct;
- Overseeing the development and implementation of an appropriate strategy by:
 - Working with senior management to ensure that an appropriate strategic direction is in place;
 - Regularly reviewing and amending or updating the Company's strategic direction;
 - Ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
 - Overseeing planning activities including the development and approval of strategic plans, annual plans, and annual and long-term budgets including operating, capital expenditure and cash flow budgets;
 - Reviewing the progress and performance of the Company in meeting these plans;
- Approving and periodically reviewing systems, documents and performance relevant to the Company's governance, including relevant policies such as diversity, share trading and continuous disclosure;
- Ensuring corporate accountability to shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chair, being the key interface between the Company and its shareholders;
- Overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- Being responsible for the Company's senior management including:
 - Directly managing the performance of the Managing Director (MD) or Chief Executive Officer (CEO) including:
 - appointment and remuneration;
 - performance feedback and formal performance reviews;
 - development or removal, where necessary;
 - Ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of the Chief Operating Officer (COO), Chief Financial Officer (CFO) and/or Company Secretary;
 - Ensuring that an appropriate succession plan for the MD / CEO, COO, CFO and Company Secretary is in place;
 - Ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees;

- Delegating appropriate powers to the MD / CEO, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers; and
- Making all decisions outside the scope of these delegated powers.

Matters reserved for the board

The following matters are specifically reserved for the Board or one of its committees:

- nomination and appointment of directors, membership and role of board subcommittees, assessment of board performance and director remuneration;
- appointment, remuneration and assessment of performance of chief executive officer and other members of the senior management team
- delegation of powers and authorities
- corporate governance matters, including frequency and agendas of board and committee meetings, and the appointment of the company secretary
- matters pertaining to shareholders including meetings, communications and relations
- monitoring of company performance
- continuous disclosure policy, including approval of annual reports and accounts
- capital management, including issues, calls on, forfeiture of shares, declaration of dividends and share buybacks
- directors' interests, conflicts of same and related party transactions
- share trading policy
- oversight of compliance with appropriate laws and regulations and major litigation
- recommendations by management in respect of finance matters, internal and external audit, operational matters such as business strategy, operating budgets, risk management, human resources, sustainability policies, and political and charitable donations
- significant mergers, acquisitions, restructures and divestments
- director and executive succession planning
- appointments to subsidiary company boards.

3. Board Structure

In accordance with the Company's constitution, the company must have a minimum of 3 directors.

The majority of Directors shall be non-executive Directors, including the Chair. This ensures that all Board discussions or decisions have the benefit of outside views and experience, and that the majority of Directors are free of any interests or influences that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The directors elect one of their number as Chair and may determine the period for which that director is to be Chair.



In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Board, which may be through the Nomination and Remuneration Committee.

When considering the potential reappointment of an existing director, the Board will take into account the individual's performance as well as the skills and experience mix required by the Board into the future.

When considering vacancies, the Board will take into account a candidate's capacity to enhance the mix of skills and experience of the Board.

The Directors may appoint a director at any time, however that person must be re-appointed by the shareholders at the next Annual General Meeting of the company. Directors may also be nominated and appointed by shareholders in accordance with the Constitution of the company.

Directors are appointed for a term of 3 years, however all Directors may stand for re-election at the Annual General Meeting at the conclusion of that term. There is currently no limit to the number of terms that an individual director may serve.

Retirement from the board

All non-executive directors are expected to voluntarily review the director's membership of the Board from time to time taking into account their length of service on the Board, age, qualifications, experience and other commitments (in light of developing best practice standards and the company's then current policies), together with the other criteria considered desirable for composition of a balanced Board and the overall interests of the company.

A non-executive director is expected to resign if the Nomination and Remuneration Committee recommends the director's resignation in the exercise of its duties and responsibilities to the Board.

Notwithstanding the company's constitution, if a non-executive director is required to retire by rotation in accordance with the company's constitution or the Australian Securities Exchange Listing Rules, the non-executive director will take into account the views of the other non-executive directors of the company when deciding whether to stand for re-election.

An executive director shall tender a resignation from the Board immediately if the director ceases to be employed by the company.

4. Independence

All Directors are expected to bring independent judgment to bear on all issues before the board. Director independence demonstrated through words and actions in board deliberations is of more value than being simply labeled as independent through external analysis.

For the purposes of corporate governance reporting, an independent director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three years has not been employed in an executive capacity by the company or another group member, or been appointed as a director of the company within three years after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the company or another group member other than as a director of the company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

The Nomination and Remuneration Committee or its equivalent will consider director independence as one of the criteria prior to recommending a candidate for election.

5. The Role of Individual Directors

Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out in its Statement of Board Functions. Directors need to ensure that the Board is providing:

- leadership to the Company, particularly in the areas of ethics and culture;
- a clear and appropriate strategic direction;
- accountability to key stakeholders, particularly shareholders;
- oversight of policies;
- oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;
- an effective senior management team and appropriate personnel policies; and
- timely and effective decisions on matters reserved to it.

In fulfilling these responsibilities, directors are required to act in accordance with the HGL Code of Conduct.

Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. Any disclosure by any Director must only be done with appropriate authorisation.

Whilst varying points of view on items before the board are anticipated, it is expected that Directors will support the decisions of the board in any discussions with external stakeholders.

Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. Directors should update this disclosure by notifying the board in writing as soon as they become aware of any conflicts.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot, or is unwilling to, remove a conflict of interest then the Director must absent themselves from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned must be minuted. Directors do not have to absent themselves when either (a) the conflict of interest relates to an interest common to all Company members/shareholders, or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

Prior to the acceptance of any relevant external appointments, Directors should obtain the Chair's consent. Relevant appointments include any appointment with potential to:

- cause a conflict of interest for the Director;
- affect the Director's independence;
- have reputational consequences for HGL; or
- place demands on the Director's time that could hinder their ability to attend Board meetings and discharge their responsibilities to HGL.

6. The Role of the Chair

The Chair's role is a key one within the Company. The Chair is considered the "lead" Director and utilises their experience, skills and leadership abilities to facilitate the board's operations.

The responsibilities of the Chair include:

- Chairing board meetings;
- Provide guidance to other Board members about what is expected of them;
- Ensure that the decisions of the Board are implemented properly;
- Ensure that the Board behaves in accordance with its Code of Conduct;
- In conjunction with the MD / CEO, undertake appropriate public relations activities;
- Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;
- Be kept fully informed of current events by the MD / CEO on all matters which may be of interest to Directors;

- Provide mentoring for the MD / CEO; and
- Initiate and oversee the annual MD / CEO evaluation process.

7. The Role of the Managing Director / Chief Executive Officer

The MD / CEO is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies and policies approved by the Board. The position reports directly to the Board.

The MD / CEO's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the company. The MD / CEO is of critical importance to the Company in guiding the company to develop new and innovative ways of winning and conducting business. The MD / CEO must have the industry knowledge and credibility to fulfil the requirements of the role.

The MD / CEO will manage a team of executives responsible for all functions contributing to the success of the Company.

The MD / CEO's specific responsibilities will include:

- Develop, in conjunction with the Board, the Company's vision, values, and goals;
- Preparation of business plans and reports with the senior management; developing with the Board the definition of ongoing corporate strategy; implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advise the Board regarding the most effective organisational structure and oversee its implementation;
- Assessment of business opportunities of potential benefit to the Company;
- Responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;
- Sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- Undertake the role of key company spokesperson;
- Recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- Ensure appropriate risk management practices and policies are in place;
- Develop and motivate direct reports and their respective teams;
- Select and appoint key staff (direct reports); and
- Ensure there is an appropriate staff appraisal system in place in the Company.



8. Company Secretary

The company secretary is responsible to the board, through the Chair, on all governance matters, including:

- Advising the board and its committees on governance matters;
- Monitoring that board and committee policy and procedures are followed; and
- Ensuring that the business at board and committee meetings is accurately captured in the minutes.

9. Board Meetings

The Company Secretary, in consultation with the MD / CEO and Chair, will schedule meetings at dates and locations as appropriate.

Where a director is unable to attend a meeting in person, they may arrange attendance by alternative means, including (but not limited to) conference phone call and video conference.

A valid meeting may be held with all directors communicating via telephone.

For a board meeting to be considered valid, a quorum of 2 directors is required to be in attendance.

Decisions of the board may also be made using written resolutions.

10. Board Meeting Agenda

The Company Secretary, in consultation with the MD / CEO and Chair is responsible for preparing an agenda for each Board meeting. However, any director may request items to be added to the agenda for upcoming meetings. The planned agenda is circulated to all directors with the Board papers at least seven days prior to the meeting.

11. Board Papers

The MD / CEO and Company Secretary are responsible for the preparation and circulation of Board papers. The Board papers will be circulated to Directors prior to the Board meeting. If a Board paper relates to a matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chair, from the set of Board papers sent to that Director. In the case of the Chair having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chair.

The Company Secretary maintains a complete set of Board papers at the Company's headquarters. However, individual Directors may retain their own Board papers in a secure location.

12. Committees

The board has authority to establish any committees it considers necessary, along with their individual charters. The board may alter the roles and responsibilities of each committee as it determines. The appointment of a Chair and the members of the board committee will be made by the board.



The board has established the following committees:

- Audit Committee
- Nomination and Remuneration Committee

13. External Communication

The Media

The Board has designated the MD / CEO or the Chair to speak to the press on matters associated with the Company. In speaking to the press, no comment will be made on price sensitive information that has not already been disclosed to ASX, however, previously released information may be clarified. To assist in safeguarding against the inadvertent disclosure of price sensitive information the MD / CEO and the Chair will be informed of what the Company has previously disclosed to the market on any issue prior to briefing anyone outside the Company.

Analyst & Shareholder Briefings

The Company discloses its financial and operational results to the market each half year as well as informing the market of other events throughout the year as they occur. Financial reports, media releases and AGM speeches are all lodged with the ASX and subsequently posted to the Company's website. As all financial information is disclosed through the ASX, the Company will only comment on factual errors in information and underlying assumptions when commenting on market analysts' financial projections, rather than commenting on the projections themselves.

In addition to the above disclosures, the Company may conduct briefings and discussions with analysts and institutional investors. However, price sensitive information will not be discussed unless that particular information has been previously formally disclosed to the market via an ASX announcement. Slides and presentations used in briefings will also be released immediately prior to the briefing to the market via the ASX and posted on the Company's website, where this information has not previously been provided.

After the conclusion of each briefing or discussion, it will be reviewed to determine whether any price sensitive information has been inadvertently disclosed. If any price sensitive information was disclosed it will be announced immediately to the ASX and then posted on the Company's website.

14. Delegation of Authority

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management.

The MD / CEO carries significant delegated authority by virtue of their position.

In general, the Board delegates all powers and authorities required to effectively and efficiently carry out the Company's business, with some exceptions.

Decisions referred to the Board for approval include:

- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);
- Issue of any shares, options, equity instruments or other securities in the Company
- Acquiring or selling patent rights, rights in registered trade marks, licences or other intellectual property rights of the Company;
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;
- Taking or granting loans which exceed \$1 million (including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOUs);
- Granting or extending property leases for the Company or any of its subsidiaries;
- Granting security of any type over the assets of the Company;
- Granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;
- Determining the balance sheet strategy for the Company or any part of the Company;
- Determining the total amount of bonuses and gratuities for Company officers and employees;
- Determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company.

15. Director's Access to information

Directors are entitled to ask for, and receive, any relevant information about the Company and its operations to enable them to perform their duties as a director. Directors are also entitled to tour any of the company's operations and ask questions of the company's employees. To facilitate the provision of this information and access, it is requested that all such requests be passed through the MD / CEO or the Company Secretary.

Directors are also entitled to seek independent, expert opinion relating to matters before them, and the company will indemnify directors for the cost of such advice.

Prior to seeking professional advice a director shall inform the Chair about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Chair shall endeavour to coordinate the provision of the advice. If the Chair withholds authorisation, the Director has the right to seek authority from the Board at the next Board meeting.

The Directors have the right to access board papers as granted by the Corporations Act.

16. Board and Senior Executive Evaluation

The Board considers the evaluation of its own and senior executive performance as fundamental to establishing a culture of performance and accountability.

The performance of non-executive directors is reviewed by the Chair. If the performance of any non-executive director is considered unsatisfactory, the matter is referred to the remainder of the Board. The efficiency, effectiveness and operations of the Board are continuously subject to informal monitoring by the Chair and the Board as a whole.

The board undertakes an annual performance evaluation of itself that compares the performance of the board with the requirements of its charter and effects any improvements to the board charter deemed necessary or desirable. The performance evaluation is conducted in such manner as the board deems appropriate.

The performance of the MD / CEO and senior executive staff is reviewed by the non-executive directors as part of the evaluation of executive bonuses at the end of each financial year, and also as part of the overall salary reviews conducted each year.

17. Non-Executive Director Remuneration

Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. The sum each non-executive Director is paid is determined by the full board from time to time. Additional fees may be paid for chairing Board Committees. The maximum aggregate level of fees which may be paid to non-executive directors is required to be approved by shareholders in general meeting.

Non-executive Directors are also entitled to statutory superannuation.

18. Director Development

The Company is committed to continuing development of its Directors and executives. Any Director wishing to undertake either specific directorial training or personal development courses is expected to approach the Chair for approval of the proposed course. Development may be in any area considered applicable to the Director's position with the Company.

From time to time subject matter experts will also be invited to board meetings to brief the full board on relevant matters facing the board.