

## Appendix 4G

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

**Name of entity**

HGL Limited

**ABN**

25 009 657 961

**Financial year ended:**

30 September 2018

Our corporate governance statement for the above period above can be found at [www.hgl.com.au/about/corporate-governance](http://www.hgl.com.au/about/corporate-governance).

The Corporate Governance Statement is accurate and up to date as at 21 November 2018 and has been approved by the board.

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

Date: 21/11/2018

Name of Director or Secretary authorising lodgement: Iain Thompson  
Secretary

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	the fact that we follow this recommendation: X in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	the fact that we follow this recommendation: X in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	the fact that we follow this recommendation: X in our Corporate Governance Statement	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>a copy of our diversity policy or a summary of it: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a></p> <p>and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: X in our Corporate Governance Statement</p> <p>and the information referred to in paragraphs (c)(1) or (2): X in our Corporate Governance Statement</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>the evaluation process referred to in paragraph (a): X in our Corporate Governance Statement</p> <p>and the information referred to in paragraph (b): X in our Corporate Governance Statement</p>	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>the evaluation process referred to in paragraph (a): X in our Corporate Governance Statement</p> <p>and the information referred to in paragraph (b): X in our Corporate Governance Statement</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; 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>	<p>a copy of the charter of the committee:</p> <p>X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a></p> <p>and the information referred to in paragraphs (4) and (5):</p> <p>X in the 2018 Annual Report</p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>our board skills matrix:</p> <p>X in our Corporate Governance Statement</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>the names of the directors considered by the board to be independent directors:</p> <p>X in our Corporate Governance Statement</p> <p>and, where applicable, the information referred to in paragraph (b):</p> <p>X in our Corporate Governance Statement</p> <p>and the length of service of each director:</p> <p>X in the 2018 Annual Report</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
2.4	A majority of the board of a listed entity should be independent directors.		X an explanation why that is so in our Corporate Governance Statement
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.		X an explanation why that is so in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	our copy of our board induction program: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	our code of conduct or a summary of it: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; 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>	<p>and a copy of the charter of the committee:</p> <p>X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a></p> <p>and the information referred to in paragraphs (4) and (5):</p> <p>X in the 2018 Annual Report</p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>the fact that we follow this recommendation:</p> <p>X in our Corporate Governance Statement</p>	
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>the fact that we follow this recommendation:</p> <p>X in our Corporate Governance Statement</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	our continuous disclosure compliance policy or a summary of it: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	information about us and our governance on our website: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	the fact that we follow this recommendation: X in our Corporate Governance Statement	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	the fact that we follow this recommendation: X in our Corporate Governance Statement	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	the fact that we follow this recommendation: X in our Corporate Governance Statement	

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>and a copy of the charter of the committee:</p> <p>X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a></p> <p>and the information referred to in paragraphs (4) and (5):</p> <p>X in the 2018 Annual Report</p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>
7.2	<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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p>X in our Corporate Governance Statement</p> <p>and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p>X in our Corporate Governance Statement</p>	
7.3	<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 risk management and internal control processes.</p>	<p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p>X in our Corporate Governance Statement</p>	<p>X an explanation why that is so in our Corporate Governance Statement</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	the fact that we follow this recommendation: X in our Corporate Governance Statement	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
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.	a copy of the charter of the committee: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>  and the information referred to in paragraphs (4) and (5): X in the 2018 Annual Report	X an explanation why that is so in our Corporate Governance Statement
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.	separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: X in the Remuneration Report contained in the 2018 Annual Report	
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.	our policy on this issue or a summary of it: X at <a href="http://www.hgl.com.au/about/corporate-governance">www.hgl.com.au/about/corporate-governance</a>	X we did not have an equity-based remuneration scheme during the financial year, and this recommendation is therefore not applicable

## HGL Limited

### Corporate Governance Statement

#### Introduction

This HGL Ltd Corporate Governance statement is current at 21 November 2018, and was reviewed and approved by the Board of Directors on that date.

This statement makes reference to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 3<sup>rd</sup> edition (ASX Recommendations), as released in March 2014.

Copies of all relevant Corporate Governance documents can be found on the HGL Ltd website, [www.hgl.com.au/about/corporate-governance](http://www.hgl.com.au/about/corporate-governance).

The following terms have been used to indicate the level of compliance during the year:

- Full – this recommendation was complied with in full for the entire financial year
- Partial – this recommendation was only partially complied with during the year, and HGL continued to not comply with the recommendation in full at 30 September 2018
- Non-compliance – this recommendation was not complied with at all during the year

Where non-compliance is indicated, the Commentary outlines the “why not” in accordance with the ASX Recommendations

Principle	Compliance for full year	Commentary
<b>1: Lay foundations for management and oversight</b>		
<b>1.1</b> <i>A listed entity should disclose:</i> a) <i>the respective roles and responsibilities of its board and management; and</i> b) <i>those matters expressly reserved to the board and those delegated to management.</i>	Full	The Company's Board Charter outlines the roles and responsibilities of the board and management, and can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a>
<b>1.2</b> <i>A listed entity should:</i> a) <i>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</i> b) <i>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.</i>	Full	The Company's Nomination & Remuneration Committee Charter explicitly requires these checks to be undertaken. A copy of the charter can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a>  The Explanatory Information attached to the AGM Notice of Meeting includes all relevant information to assist shareholders to decide on whether or not to elect or re-elect a director.

Principle	Compliance for full year	Commentary												
<p><b>1.3</b> <i>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</i></p>	Full	Each Director and senior Executive has a written agreement in place.												
<p><b>1.4</b> <i>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.</i></p>	Full	The role of the company secretary has had dual accountability, with matters to do with the operation of the board accountable to the board, and other matters relevant to the role accountable to the Chief Executive Officer. This accountability is formalised through its inclusion in the Board Charter.												
<p><b>1.5</b> <i>A listed entity should:</i></p> <p>a) <i>have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</i></p> <p>b) <i>disclose that policy or a summary of it; and</i></p> <p>c) <i>disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</i></p> <ol style="list-style-type: none"> <li>1. <i>the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</i></li> <li>2. <i>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.</i></li> </ol>	Full	<p>A copy of the Company's diversity policy can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p> <p>The gender diversity objectives and progress toward them are as follows:</p> <table border="1" data-bbox="1249 592 2145 1321"> <thead> <tr> <th data-bbox="1249 592 1653 627">Objective</th> <th data-bbox="1653 592 2145 627">Progress in achieving objective</th> </tr> </thead> <tbody> <tr> <td data-bbox="1249 627 1653 847">Encourage a diverse workforce at all levels of the Company</td> <td data-bbox="1653 627 2145 847">The company supports the promotion of women to board and management roles within all Group entities. As at 30 September 2018 40% of the workforce were female. 22% of employees who earned more than \$100,000 in 2018 were female.</td> </tr> <tr> <td data-bbox="1249 847 1653 940">25% female representation on HGL Ltd board by 2020</td> <td data-bbox="1653 847 2145 940">This objective has been met. The board has determined not to amend this objective at this point.</td> </tr> <tr> <td data-bbox="1249 940 1653 1066">Promote a safe work environment by taking action against inappropriate workplace and business behaviour</td> <td data-bbox="1653 940 2145 1066">The board takes action against discrimination and harassment within the Company.</td> </tr> <tr> <td data-bbox="1249 1066 1653 1192">Ensure appointments are based on merit</td> <td data-bbox="1653 1066 2145 1192">The best person is appointed to the role regardless of age, gender or ethnicity. During the year 33% of new appointments were female.</td> </tr> <tr> <td data-bbox="1249 1192 1653 1321">Provide supportive HR policies to encourage diversity</td> <td data-bbox="1653 1192 2145 1321">Family friendly workplace policies are in place Training programs are offered and provided to all employees</td> </tr> </tbody> </table>	Objective	Progress in achieving objective	Encourage a diverse workforce at all levels of the Company	The company supports the promotion of women to board and management roles within all Group entities. As at 30 September 2018 40% of the workforce were female. 22% of employees who earned more than \$100,000 in 2018 were female.	25% female representation on HGL Ltd board by 2020	This objective has been met. The board has determined not to amend this objective at this point.	Promote a safe work environment by taking action against inappropriate workplace and business behaviour	The board takes action against discrimination and harassment within the Company.	Ensure appointments are based on merit	The best person is appointed to the role regardless of age, gender or ethnicity. During the year 33% of new appointments were female.	Provide supportive HR policies to encourage diversity	Family friendly workplace policies are in place Training programs are offered and provided to all employees
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25% female representation on HGL Ltd board by 2020	This objective has been met. The board has determined not to amend this objective at this point.													
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Provide supportive HR policies to encourage diversity	Family friendly workplace policies are in place Training programs are offered and provided to all employees													

Principle	Compliance for full year	Commentary
<p><b>1.6</b> A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Full	<p>During the year a board evaluation process was undertaken that considered the performance of the board and its committees. This process involved the use of confidential questionnaires completed by each director and reviewed by the Chairman, with relevant feedback being given to the board.</p> <p>The Chairman continues to review the performance of individual directors on an ongoing basis, and provides confidential feedback where required. The performance of the Chairman is monitored by the Chair of the Audit and Risk Committee.</p>
<p><b>1.7</b> A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Full	<p>The performance of the Chief Executive Officer is reviewed on an ongoing basis by the Board as a whole, and each year as part of the annual salary review and performance incentive consideration.</p> <p>The performance of the direct reports to the CEO is reviewed by the CEO through the annual formal performance appraisal process. The result of these reviews is passed on to the HGL board during the salary review and performance incentive processes.</p>
<p><b>2: Structure the board to add value</b></p>		
<p><b>2.1</b> The board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, and disclose:</li> <li>3. the charter of the committee;</li> <li>4. the members of the committee; and</li> <li>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;</li> </ol> <p style="text-align: center;"><u>OR</u></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>	Partial	<p>HGL partially complies with this recommendation, as the Nomination and Remuneration Committee exists with three members (Cheryl Hayman, Peter Miller and Julian Constable), however only Cheryl Hayman is considered independent under the ASX recommendations.</p> <p>A copy of the Nomination and Remuneration Committee Charter can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p> <p>Committee attendance details are included in the Annual Report for each year.</p>

Principle	Compliance for full year	Commentary
<p><b>2.2</b> <i>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</i></p>	Full	<p>The board has developed a skills matrix that outlines the mix of skills and experience the board is looking to achieve in its membership. The skills identified will be used in assessing competency requirements for filling any future board vacancies.</p> <p>Key skills the board aims to achieve include Corporate Governance, e-Commerce, Finance, Importation, Marketing, Risk Management, Strategy Development, Technology, Capital raising and Investor relations.</p>
<p><b>2.3</b> <i>A listed entity should disclose:</i></p> <p>a) <i>the names of the directors considered by the board to be independent directors;</i></p> <p>b) <i>if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</i></p> <p>c) <i>the length of service of each director.</i></p>	Full	<p>The board currently consists of one independent director, Cheryl Hayman, and three non-independent directors.</p> <p>Peter Miller and Julian Constable are not considered to be independent due to their relationship with substantial shareholders of the Company. Kevin Eley is not considered to be independent due to his previous role as CEO of HGL prior to joining the board.</p> <p>Notwithstanding the technical classification of directors as non-independent, all directors act independently in board deliberations and discussions, and in the best interests of shareholders as a whole.</p> <p>Director length of service is outlined in the Directors report in the Annual Report each year.</p>
<p><b>2.4</b> <i>A majority of the board of a listed entity should be independent directors.</i></p>	Non-compliance	<p>HGL does not comply with this recommendation, however notwithstanding the technical classification of directors as non-independent, all directors act independently in board deliberations and discussions, and in the best interests of shareholders as a whole</p>
<p><b>2.5</b> <i>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.</i></p>	Non-compliance	<p>HGL does not comply with this recommendation, however notwithstanding the technical classification of directors as non-independent, all directors act independently in board deliberations and discussions, and in the best interests of shareholders as a whole</p>
<p><b>2.6</b> <i>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</i></p>	Full	<p>HGL complies with this recommendation.</p> <p>The Director induction program can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p>
<p><b>3: Act ethically and responsibly</b></p>		

Principle	Compliance for full year	Commentary
<p><b>3.1</b> A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose that code or a summary of it.</p>	Full	<p>HGL complies with this recommendation.</p> <p>The code of conduct can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p>
<b>4: Safeguard integrity in corporate reporting</b>		
<p><b>4.1</b> The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ol style="list-style-type: none"> <li>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2. is chaired by an independent director, who is not the chair of the board,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3. the charter of the committee;</li> <li>4. the relevant qualifications and experience of the members of the committee; and</li> <li>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;</li> </ol> <p><u>OR</u></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>HGL partially complies with this recommendation, as the Audit and Risk Committee exists with three members (Kevin Eley (Chair), Peter Miller &amp; Julian Constable), however none of the members are considered independent under the ASX recommendations.</p> <p>A copy of the Audit and Risk Committee charter can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p> <p>Committee attendance details are included in the Annual Report for each year.</p>
<p><b>4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Full	<p>HGL complies with this recommendation, with this declaration provided to the Board via the Audit and Risk Committee for each half year and full year reporting period, prior to the board approving and signing the financial statements.</p>
<p><b>4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Full	<p>HGL complies with this recommendation, with the signing audit partner in attendance at the AGM, or in their absence, another partner involved in the audit from the Auditor's firm (Deloitte).</p>

Principle	Compliance for full year	Commentary
<b>5: Make timely and balanced disclosure</b>		
<b>5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b) disclose that policy or a summary of it.</li> </ul>	Full	HGL complies with recommendation.  A copy of the continuous disclosure policy can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a>
<b>6: Respect the rights of security holders</b>		
<b>6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Full	HGL complies with this recommendation.  All governance documents can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a>
<b>6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Full	HGL understands the importance of engaging with existing and potential investors.  Contact details for the company and its share registry are provided on the HGL website, which allows shareholders to contact the company. Company announcements are made available on the website and distributed via email to registered users. Shareholders are sent updates following the release of half and full year results and the AGM.  The company will respond to any enquiries that may be made from time to time.  Shareholders are encouraged to attend any General Meeting of the company, and are given the opportunity to ask questions at that time.
<b>6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Full	Shareholders are encouraged to attend any General Meeting of the company, and are given the opportunity to ask questions at that time. Shareholders are also given the opportunity to ask questions in advance of the meeting.
<b>6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Full	Shareholders are encouraged to deal with both the company and the share registry electronically, with contact details listed on the HGL website.
<b>7: Recognise and manage risk</b>		

Principle	Compliance for full year	Commentary
<p><b>7.1</b> <i>The board of a listed entity should:</i></p> <p>a) <i>have a committee or committees to oversee risk, each of which:</i></p> <ol style="list-style-type: none"> <li>1. <i>has at least three members, a majority of whom are independent directors; and</i></li> <li>2. <i>is chaired by an independent director, and disclose:</i></li> <li>3. <i>the charter of the committee;</i></li> <li>4. <i>the members of the committee; and</i></li> <li>5. <i>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;</i></li> </ol> <p><u>OR</u></p> <p>b) <i>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.</i></p>	Full	<p>During the year, HGL transferred responsibility for the oversight of group risk into the renamed Audit and Risk Committee, to allow the Committee to drill down further on risk issues. The board maintains oversight of risk through the Committee.</p> <p>Enterprise Risk Management is a standing item on the board timetable, with management providing an annual detailed review of the risk framework, and quarterly updates on individual risk items. Where the assessment of a risk changes during the year, this is brought to the board's attention as soon as practical, rather than waiting for the next scheduled risk discussion.</p>
<p><b>7.2</b> <i>The board or a committee of the board should:</i></p> <p>a) <i>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</i></p> <p>b) <i>disclose, in relation to each reporting period, whether such a review has taken place.</i></p>	Full	<p>Enterprise Risk Management is a standing item on the board timetable, with management providing an annual detailed review of the risk framework, and quarterly updates on individual risk items. Where the assessment of a risk changes during the year, this is brought to the board's attention as soon as practical, rather than waiting for the next scheduled risk discussion.</p> <p>These reviews occurred during the period.</p>
<p><b>7.3</b> <i>A listed entity should disclose:</i></p> <p>a) <i>if it has an internal audit function, how the function is structured and what role it performs; OR</i></p> <p>b) <i>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</i></p>	Partial	<p>HGL utilises reports generated by the external auditors as part of their half year review and full year audit to identify internal control weaknesses, and then act on them accordingly.</p> <p>HGL has a formalised internal audit process, conducted by HGL employees and with input from the external auditors. The individual with primary responsibility for completing the internal audit work reports to the Audit and Risk Committee in relation to their findings.</p>
<p><b>7.4</b> <i>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</i></p>	Full	<p>The Operating and Financial Review contained within the Annual Report includes a summary of key risks faced by the Group and how those risks are mitigated.</p>
<p><b>8: Remunerate fairly and responsibly</b></p>		



Principle	Compliance for full year	Commentary
<p><b>8.1</b> <i>The board of a listed entity should:</i></p> <p>a) <i>have a remuneration committee which:</i></p> <ol style="list-style-type: none"> <li>1. <i>has at least three members, a majority of whom are independent directors; and</i></li> <li>2. <i>is chaired by an independent director, and disclose:</i></li> <li>3. <i>the charter of the committee;</i></li> <li>4. <i>the members of the committee; and</i></li> <li>5. <i>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;</i></li> </ol> <p><u>OR</u></p> <p>b) <i>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.</i></p>	Partial	<p>HGL partially complies with this recommendation, as the Nomination and Remuneration Committee exists with three members (Cheryl Hayman (Chair), Peter Miller and Julian Constable), however only Cheryl Hayman is considered independent under the ASX recommendations.</p> <p>A copy of the Nomination and Remuneration Committee Charter can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p> <p>Committee attendance details are included in the Annual Report for each year.</p>
<p><b>8.2</b> <i>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.</i></p>	Full	<p>HGL complies with this recommendation, with the Remuneration Report containing a discussion around remuneration policies.</p>
<p><b>8.3</b> <i>A listed entity which has an equity-based remuneration scheme should:</i></p> <p>a) <i>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</i></p> <p>b) <i>disclose that policy or a summary of it.</i></p>	Not applicable	<p>HGL did not have an equity-based remuneration scheme during the 2017 financial year.</p> <p>A copy of the HGL Share Trading Policy prohibits the use of hedging type transactions to protect against share price fluctuations on shares that are unvested or subject to a trading lock. There is also a prohibition on employees using HGL securities as security against any type of financial product, such as margin loans.</p> <p>A copy of the policy can be found at <a href="http://www.hgl.com.au/about/corporate-governance">http://www.hgl.com.au/about/corporate-governance</a></p>