

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Hills Limited

ABN/ARBN

35 007 573 417

Financial year ended:

30 June 2022

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website:

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

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 26 September 2022

Name of authorised officer  
authorising lodgement:

Geoffrey Stirton

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

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

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

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

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

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

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

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

**ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES**

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have <b>NOT</b> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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

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

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(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</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either: <ul style="list-style-type: none"> <li>(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</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul> <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><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and we have disclosed the information referred to in paragraph (c): in our <a href="#">Corporate Governance Statement</a>. Whilst the company is not included in S&amp;P / ASX 300 Index at the commencement of the reporting period, its measurable objectives for achieving gender diversity in the composition of its boards is not less than 30% of the directors of each gender within the 30 June financial year reporting period.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(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.</li> </ul>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: in our <a href="#">Corporate Governance Statement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<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>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:  <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:  in our <a href="#">Corporate Governance Statement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND 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><input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and the information referred to in paragraphs (4) and (5) at: in our <a href="#">Corporate Governance Statement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix at: in our <a href="#">Corporate Governance Statement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: in our <a href="#">Corporate Governance Statement</a>  and, where applicable, the information referred to in paragraph (b) at: in our <a href="#">Corporate Governance Statement</a>  and the length of service of each director at: in our <a href="#">Corporate Governance Statement</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	<input type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</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><input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and the information referred to in paragraphs (a) (4) in our Annual Report and paragraph (a) (5) in our <a href="#">Corporate Governance Statement</a></p>	<input type="checkbox"/> set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<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.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a> and in our <a href="#">Corporate Governance Statement</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<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><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and the information referred to in paragraphs (4) and (5) at: in our <a href="#">Corporate Governance Statement</a></p>	<input type="checkbox"/> set out in our Corporate Governance Statement
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 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>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: in our <a href="#">Corporate Governance Statement</a></p>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<input checked="" type="checkbox"/> and we have disclosed how our internal audit function is structured and what role it performs at: in our <a href="#">Corporate Governance Statement</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at: in our <a href="#">Corporate Governance Statement</a>  and, if we do, how we manage or intend to manage those risks at: in our <a href="#">Corporate Governance Statement</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):]</p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p> <p>and the information referred to in paragraphs (4) and (5) at: in our <a href="#">Corporate Governance Statement</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: in our <a href="#">Annual Report</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<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>	<p><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at: in our Securities Policy at <a href="https://corporate.hills.com.au/about-us/governance/">https://corporate.hills.com.au/about-us/governance/</a></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



## Corporate Governance Statement 2022

This report sets out the Hills Limited (Hills) annual statement on its corporate governance framework for the year ended 30 June 2022. The Board considers that Hills corporate governance framework and practices continue to comply with the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th Edition (Principles and Recommendations) and meet the interests of our shareholders.

All references to the website in the document refer to the link <https://corporate.hills.com.au/about-us/governance>.

### Principle 1: Lay solid foundations for management and oversight

#### ***The Board and Management***

The Board has adopted a formal Board Charter which sets out the roles, responsibilities, structure, and composition of the Board of Directors of Hills. The Board Charter sets out the matters expressly reserved for the Board and those delegated to management.

A copy of the Board Charter is available on the Corporate Governance section of the Hills website. .

By providing the overall strategic direction for Hills, the Board ensures that Hills' activities comply with its Constitution, and with all legal and regulatory requirements, and defines the powers to be reserved for the Board and those that are delegated to its committees and management. A copy of the Constitution is available on the Hills website.

A summary of duties for the Chairman and the Chief Executive Officer is reviewed and agreed by the Board. The Board has delegated to the Chief Executive Officer the authority to manage the day-to-day affairs of Hills. The Company Secretary has direct accountability to the Board through the Chairman on all matters associated with the proper functioning of the Board.

#### ***Director and Senior Executive Appointments***

When filling a casual vacancy, the Company has established a process of undertaking appropriate reference and probity checks before appointing a director or putting forward a candidate for election as a director. Hills may retain a search firm to identify and vet potential candidates. The directors interview the shortlisted candidates. The appointments are undertaken pursuant to Clause 3.1 of the Nomination and Remuneration Committee Charter, which is disclosed on the Company's website.

Any director appointed by the Board stands for re-election by shareholders at the first Annual General Meeting following their appointment. The experience and qualifications of the newly appointed director are provided to shareholders to enable them to consider the election of the new director.

A formal letter of appointment is issued to all new directors setting out their terms of appointment.

New directors participate in a director induction programme to enable them to participate effectively from appointment.

Directors can attend conferences and other development opportunities to ensure that they remain up to date

and can perform their role as directors effectively.

When filling a senior executive role, the Company undertakes a formal process either internally through the People and Culture team or through a search firm to identify and assess potential candidates. The Company has established a process of undertaking appropriate reference and probity checks before appointing senior executives is undertaken by a member of the People and Culture team or a search firm when engaged.

The Chief Executive Officer interviews the shortlisted candidates, together with any other senior management where appropriate and approves the appointment of the successful candidate. In addition, the Chairman and/or the Chair of the Nomination and Remuneration Committee interview senior executives who directly report to the Chief Executive Officer. All senior executives are subject to a written agreement with the Company.

### **Diversity**

Hills is committed to creating a diverse workplace that is fair and flexible, promotes personal and professional growth and enables employees to enhance their contribution to Hills by drawing from their different backgrounds, skills, and experience. The Board has adopted a Diversity Policy as disclosed on the Company's website, to embrace differences in backgrounds, qualifications and experiences and differences in approach and viewpoints. It includes characteristics such as gender, age, ethnicity, cultural background, language, disability, and other areas of potential difference.

The Diversity Policy requires the setting of specific gender diversity objectives and a range of measures to determine achievement of those objectives. The Board and the Nomination and Remuneration Committee annually assess the objectives and measures.

The Board is of the view that appointment of females to senior positions in the Company is the most effective way to encourage change in the workforce, specifically in achieving gender balance. The Hills achievement of the objectives for the period are set out in the table below:

	Objective %	Actual at 2022 %
Percentage of women on the Board	33	33
Percentage of women in executive positions	35	50
Percentage of women in the organisation	35	47

## **Principle 2: Structure the Board to be effective add value**

### **Nomination and Remuneration Committee**

The Company has established a Nomination and Remuneration Committee which consists of Independent Non-Executive Directors.

The Nomination and Remuneration Committee ensures the Board is comprised of individuals with an appropriate range of skills, experience, expertise, and that the Board benefits from diversity of gender.

The charter of the Nomination and Remuneration Committee is available on the Company website.

### **Skills Matrix**

The Hills Board has developed a Skills Matrix which sets out the mix of skills necessary to achieve the strategic and operational priorities of the Company. When filling board positions, candidates are assessed against the skill set outlined below. The current mix of directors provides coverage of all the skills identified.

Strategic Priorities / Areas	SKILLS MATRIX	
	Functional	Industry Specialisation
<b>Improve Customer Advocacy</b>  <b>Drive Value from the Core</b> <b>Build and acquire growth businesses</b>	<ul style="list-style-type: none"> <li>Marketing, Retail, Sales, Distribution</li> <li>General Business Management &amp; Entrepreneurship</li> <li>Highly Competitive &amp; Dynamic Markets</li> <li>Strategic Leadership</li> <li>Mergers and Acquisition</li> <li>Other Geographical Expertise and Experience</li> </ul>	<ul style="list-style-type: none"> <li>Information and Technology</li> <li>Health Industry &amp; Medical</li> <li>Government</li> </ul>
<b>Other Areas</b>	<ul style="list-style-type: none"> <li>CEO Level Experience</li> <li>Other NED Experience</li> </ul>	<ul style="list-style-type: none"> <li>Accounting, Finance and Audit</li> <li>Legal, Governance and Compliance</li> <li>Risk Management</li> <li>Human Resources and Remuneration</li> <li>Mergers and Acquisition</li> </ul>

### Independent Directors

The Company's Board Charter sets out the policy regarding independent directors. The current Board is composed of three independent Non-Executive Directors:

Name	Tenure
<b>David Chambers</b> BSc, Dip Bus Mgt <i>Chairman from 1 July 2021</i>	23 months (July 2020)
<b>Janet Muir</b> BBus, MBA, GAICD, CA	8 months (October 2021)
<b>Peter Steel</b> BEc, MBA (Executive)	15 months (March 2021)

The experience of each director is set out in the Directors' Report in the Annual Report.

The Board regularly assesses the independence of each Non-Executive Director and considers all current Non-Executive Directors to be independent.

Ms Jennifer Hill-Ling retired as Chairman on 1 July 2021. Given the depth of her company experience and industry standing, she was well-placed to serve as Chair, notwithstanding that pursuant to the ASX recommendation, she was not considered an 'Independent' Chairman.

Mr Steel performed the role of Interim Chief Financial Officer of the Company from 8 September 2020 until 26 March 2021. In the 2021 financial year, he was considered non-independent.

Mr Steel is considered independent for this financial year.

### Principle 3: Instil a culture of acting lawfully, ethically, and responsibly

#### **Code of Conduct**

The Hills Code of Conduct provides guidance on what is acceptable behaviour, requiring all directors, managers, and employees to maintain the highest standards of integrity and honesty. Any material breaches of the Code of Conduct must be reported to the Board. The Code of Conduct is available at the Company's website.

#### **Whistleblower Protection Policy**

Hills expects its directors, management, and staff to report conduct that is dishonest, fraudulent, corrupt, or illegal, endangers health and safety, or is a suspected breach of the Code of Conduct or any Hills policy.

Hills has adopted a Whistleblower Protection Policy to ensure concerns regarding unacceptable conduct can be raised on a confidential basis without fear of reprisal, dismissal, or discriminatory conduct.

The Board is informed of any incidents reported under the Whistleblower Protection Policy. The policy is available at the Company's website.

#### **Anti-Bribery and Corruption Policy**

Hills strictly prohibits the offer, provision, or acceptance of bribes. This policy sets out the Company's standards and guidelines on offering, accepting, and providing gifts and hospitality, participating in tenders, and procuring goods and services and providing donations and sponsorship. It also provides a guide on what must be done if there are any concerns that an employee, consultant, contractor, or agent of Hills is acting outside the terms of the policy or engaging in unlawful conduct. The Board is informed of any incidents reported under the Anti-Bribery and Corruption Policy. The policy is available at the Company's website.

#### **Securities Policy**

The Hills Securities Policy governs the trading in Hills shares by directors, management, and staff in compliance with the ASX Listing Rules requirements and the is available on the Hills website

#### **Environment and Social Exposure**

The Company assesses environmental and social risks as part of its risk management framework and considers its exposure to these risks to be low.

### Principles 4 and 7: Safeguard integrity in financial reporting, Recognise and manage risk

Hills is committed to maintaining a transparent system for auditing and reporting of Hills financial performance.

The Board has established an Audit, Risk and Compliance Committee (ARC Committee) which performs a central function in achieving this goal. Members of the ARC Committee are:

- Peter Steel (Committee Chairman)
- David Chambers
- Ken Dwyer

Members of the ARC Committee are independent Non-Executive Directors.

A copy of the ARC Committee's Charter is available on the Hills website.

The Company has an Auditor Independence Policy to ensure the integrity of its external audit. This policy is also available on the Hills website.

The Company maintains a risk management framework, and an internal audit function that performs audits in accordance with an internal audit plan formulated using a risk-based approach. The ARC Committee annually



reviews and approves the framework and the plan.

The ARC Committee met five times in the 2022 financial year. The attendance of the members is mentioned in the Annual Report of the Company.

The Chief Executive Officer and the Chief Financial Officer have provided the Board with a written declaration in accordance with s295A of the *Corporations Act 2001* (Cth) that the full year financial statements are founded on a sound system of risk management and internal control, which implements the policies adopted by the Board, and that Hills risk management and internal control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks. The external auditors attend each Annual General Meeting to answer any questions from shareholders.

### **Principle 5: Make timely and balanced disclosures**

Hills has established, and complies with, the Communication and Market Disclosure Policy to ensure the market is informed of matters in compliance with the ASX Listing Rules disclosure requirements.

A copy of the policy is available on the Hills website..

### **Principle 6: Respect the rights of shareholders**

Hills provides its shareholders with high quality, relevant, factual, and useful information in a timely manner and encourages shareholders to access this information primarily from the Hills website. Shareholders are encouraged to make their views known to Hills and to raise matters of concern directly with Company Secretary or the Chair.

The Annual General Meeting remains the main opportunity for shareholders to comment on, and to question, the Hills Board and management, with shareholders encouraged to attend.

Hills seeks questions from shareholders in its notice of meetings in written format which are then addressed at the meeting. Shareholders are also encouraged to ask questions and participate in Annual General Meetings both during the formal part of the meeting and then following the meeting informally.

Hills' intention is that all resolutions put to a meeting of security holders will be decided by way of a poll.

In other communications to shareholders, they are encouraged to contact the Company Secretary if they need further assistance.

Our share registry has the facility to handle communications electronically and shareholders are encouraged to do so. However, Hills also continues to communicate through the postal service or on the telephone for shareholders who do not have access to a computer.

### **Principle 8: Remunerate fairly and responsibly**

The Board has established a Nomination and Remuneration Committee whose responsibility it is to consider remuneration strategy and policy and to make recommendations to the Board that are in the best interests of Hills and its shareholders. The Company has adopted a Nominations and Remunerations Committee Charter and a copy of the Charter is available on the Company's website.

The Committee monitors recruitment and development policies that encourage workplace diversity across individual characteristics, backgrounds, and skill levels.

The Nomination and Remuneration Committee met five times in the 2022 financial year. The attendance of the Committee members is mentioned in the Annual Report of the Company.

Further information on remuneration of directors and senior executives, including principles used to determine remuneration, is set out in the Directors' report on pages 8 to 16.

Hills has comprehensive performance guidelines in place. For the period, each senior executive had their performance assessed against clearly defined objectives and measures developed through the overall process of performance management.

On an annual basis, the Board conducts a review of Board, Committee, and individual member performance along with a review of director independence.