



michael hill

CODE OF BUSINESS ETHICS AND CODE OF CONDUCT FOR SUPPLIERS

1. DEFINITIONS

In this policy, unless the context otherwise requires:

Code of Conduct means this Code of Business Ethics and Code of Conduct for Suppliers.

Conflict Diamonds means rough diamonds used to finance wars against governments, as described in the relevant United Nations Security Council resolutions.

KPCS, or Kimberley Process Certification Scheme, means a joint government, international diamond industry and civil society initiative to prevent Conflict Diamonds from entering the supply chain.

MHG or Michael Hill Group means MHI including its subsidiaries and related bodies corporate.

MHI means Michael Hill International Limited ACN 610 937 598.

RJC means the Responsible Jewellery Council.

SOW, or World Diamond Council System of Warranties, means a voluntary system of industry self-regulation designed by the WDC that tracks diamonds, after the KPSC certifies them, through the supply chain via a warranty statement declaration.

Suppliers means suppliers, material vendors, indirect goods and service providers, consultants, contract manufacturers and anyone else who may provide a product or service to the MHG.

WDC means the World Diamond Council.

2. OBJECTIVES

The Michael Hill Group believes that outstanding business performance must be supported by the highest standards of corporate behaviour towards its employees, customers and other stakeholders. This Code of Conduct reflects the basic principles of what Suppliers can expect from the MHG and also sets out the requirements which must be met by Suppliers and their contractors and subcontractors when dealing or having business relationships with the MHG.

MHI is a member of the RJC. The RJC is a standards-setting organisation that has been established to advance responsible ethical, human rights, social and environmental practices throughout the diamond, gold and platinum group metals jewellery supply chain.

As a RJC member, the MHG endeavours to operate its business in accordance with the RJC Code of Practices and to integrate ethical, human rights, social and environmental considerations into its day-to-day operations, business planning activities and decision-making processes.

3. SCOPE

This policy applies to all Suppliers of the Michael Hill Group.

4. PROCEDURE

4.1 Commitment by Michael Hill Group

The Michael Hill Group is committed to:

- (a) being a reliable business partner;
- (b) treating Suppliers fairly and with consistency;
- (c) selecting Suppliers based on their own merits including their products, services and business practices. Competitive bidding processes and evaluations based on defined objective criteria drives the decision-making process;
- (d) respecting clear and mutually agreed commercial terms and conditions;
- (e) taking a clear stand on working conditions;
- (f) respecting different cultures;
- (g) non-discrimination;
- (h) respecting human rights and treating the workforce fairly and according to applicable laws and principles as set out in section 4.2 of this Code of Conduct;
- (i) acting responsibly towards the environment; and
- (j) monitoring and enforcement of compliance by Suppliers with this Code of Conduct through provisions of the relevant agreements between the Suppliers and the MHG as well as audits conducted by itself or by an independent third-party organisation on behalf of the Michael Hill Group. Results of such audits may be communicated to the Supplier.

4.2 Expectations from Suppliers

The minimum standards expected of Suppliers are set out in this Code of Conduct. The Michael Hill Group expects its Suppliers to adhere to the relevant rules, laws and regulations which apply to their respective businesses and endeavour to exceed both international best practices and best practices in the jewellery industry. Suppliers are required to adhere to the following and ensure that this Code of Conduct is also observed by their contractors and sub-contractors involved in provision of goods and services to the MHG, which includes responsibility for communicating the content and ensuring that all measures are implemented accordingly.

(a) Compliance with laws

Complying fully with:

- (i) all national laws and regulations which apply in the country in which the Supplier is headquartered and any production sites (including any of those of its contractors/sub-contractors, suppliers or partners);

- (ii) all national and international laws which restrict and/or prohibit hazardous substances in countries in which the Michael Hill Group sells its products; and
- (iii) any Michael Hill Group policies or regulations which apply and to which the Supplier has agreed to or which are communicated to and agreed upon between the Michael Hill Group and the Supplier at any time.

(b) Bribery and corruption

Not engaging in any form of corrupt practices or bribery in any business practices and transactions carried out by them or on their behalf. Suppliers must not pay, offer, promise or authorise the payment or transfer of anything of value, directly or indirectly to any government official or employee or any other person or entity if such payments or transfers would violate any applicable laws. Suppliers must also refrain from offering funding, donations, lavish gifts and extravagant entertainment to any employee or agent of the Michael Hill Group in order to influence business decisions.

(c) Anti-money laundering and counter-terrorism financing

The Michael Hill Group is committed to prevent the use of its operations for money laundering or any activity, which facilitates money laundering, or the funding of terrorist or criminal activities. Accordingly, Suppliers must comply with all the applicable laws and regulations designed to combat money laundering activity and terrorist financing connected to the government in the regions in which the Supplier operates and all international laws that may apply.

(d) Human rights

Respecting fundamental human rights and treating the work force fairly and with respect based on the following principles:

- (i) Human rights are respected
Fundamental human rights are respected in pursuing business activities and relationships in accordance with the UN Guiding Principles on Business and Human Rights.
- (ii) No forced labour
There will be no forced labour, including bonded or involuntary prison labour. Neither the Supplier nor any entity supplying labour to the Supplier will withhold any payments or benefits or retain any identity documents or other personal effects of value. Work will be by way of a recognised employment relationship established in accordance with national law and shall be voluntary.
- (iii) No child labour
No children younger than 15 years or below the legal national minimum age (if above 15) shall be employed or made to work. In some countries, the legal national minimum age may be 14 years particularly where International Labour Organisation developing country exceptions apply. Young employees or children between the applicable minimum age and 18 years shall not be employed in conditions which may compromise their health and safety or moral integrity or which may

harm their physical, mental, spiritual, moral or social development. Suppliers shall obtain accurate documentation of the date of birth of each person employed by the Supplier and/or in the Supplier's facilities and maintain such documentation in the facilities for review and inspection.

(iv) No discrimination or harassment

Ensuring that the workplace is free from discrimination, harassment, victimisation, vilification or other objectionable conduct of any kind. All employees, customers, clients or other persons at the workplace will be based solely on merit and genuine occupational requirements. Discrimination, harassment, victimisation, vilification or other objectionable conduct based on the following attributes will not be tolerated:

- (A) sex;
- (B) marital or relationship status;
- (C) pregnancy or potential pregnancy;
- (D) parental status including family responsibilities;
- (E) race, ethnicity, background, nationality and social origin;
- (F) religion;
- (G) political belief or activity;
- (H) trade union activity/inactivity;
- (I) lawful sexual activity including sexuality or sexual preference;
- (J) sexual orientation;
- (K) irrelevant criminal record;
- (L) disability or impairment;
- (M) age;
- (N) medical record; and
- (O) relationship with or relation to, a person with any of the above attributes.

(v) Humane treatment

Ensuring there is no harsh or inhumane treatment of any other forms of intimidation of workers.

(vi) Working hours and leave

Ensure that the applicable national or local law is complied with in relation to working hours and overtime for workers.

Employees must be provided with all legally mandated leave, including parental, compassionate and paid annual leave.

(vii) General employment terms

All employment contracts will be in written form, understandable and legally binding and a copy provided to all workers.

(viii) Fair compensation

All employees are to be paid regularly and in a timely manner with the wage based on the higher of either the applicable legal minimum wage plus associated statutory benefits, or the applicable industry standards. All payments must be documented accordingly.

(ix) Collective bargaining and freedom of association

All employees may engage in collective bargaining and be able to associate freely. Where these freedoms are prohibited by law, the Supplier will support similar means for independent and free association and bargaining.

(x) Health and safety

The Supplier and any supply chain organisations must provide a safe and healthy working environment and conditions for all employees including, but not limited to protection against accidents, toxic substances and fire and otherwise in accordance with any applicable laws or relevant industry or building standards and regulations.

(xi) Grievance process

The workplace must be free from discrimination, harassment, victimisation, vilification and objectionable conduct, and all employees must be treated with dignity, courtesy and respect. All complaints must be treated in a sensitive, fair, timely and confidential manner. Any employee making a complaint is to be guaranteed protection from any victimisation or reprisals.

(e) Environmental impacts

Suppliers are to continuously aim to improve energy efficiency across its worksites and minimise waste and emissions to air, land and water to the best of its ability and treat all chemicals and any hazardous waste in an environmentally safe manner. Any toxic substances which may be harmful to the environment must be disposed of in accordance with applicable laws and regulations governing the use of and handling of such substances. Where possible, products are to be recycled and reused.

(f) Ensure that the Supplier's employees, agents and sub-contractors abide by this Code of Conduct.

The Supplier must provide the Michael Hill Group with a list of its production facilities, including the location of those facilities that are involved in the production or provision of goods or services provided by the Supplier to the Michael Hill Group. The Supplier will permit any duly authorised representative of Michael Hill to make unannounced visits, inspections and conduct an audit of the sites of the production facilities or other sites at which people work directly, or indirectly for the Supplier, during normal business hours.

Suppliers will take appropriate steps to ensure that the provisions of this Code of Conduct are communicated to their employees, including the prominent posting of a copy of this Code of Conduct, in the local language and in a place readily accessible to employees, at all times.

The Michael Hill Group expects Suppliers to have high ethical standards in their business practices and encourages Suppliers to continually improve their workplace conditions and reach and maintain the standards established by this Code of Conduct. Where a Supplier breaches this Code of Conduct, the Michael Hill Group will have the option of continuing the business relationship. This may occur in situations where the Supplier has proven a willingness to remedy the breach with an agreed course of action in a timely manner moving forward. In any event, the Michael Hill Group reserves the right to terminate a relationship with a Supplier immediately in the event of a serious violation of this Code of Conduct.

(g) Conflict Free Diamond Supply Chain

The Michael Hill Group is committed to not buying or selling Conflict Diamonds or assisting others to do so. All Suppliers of diamonds, whether polished, loose or set in jewellery, are required to ensure the same through compliance with the KPCS, the WDC SOW and applicable national legislation and give a declaration to this effect on all their invoices.¹

Each Supplier warrants (based on personal knowledge and/or written guarantees provided by the Supplier):

- (i) the diamonds provided by the Supplier are natural and untreated (unless otherwise specifically requested by the MHG);
- (ii) the diamonds provided by the Supplier are exclusively of natural origin and have not been created or treated using CVD, HPHT or any other man-made process;
- (iii) any and all diamonds, whether polished, loose or in finished goods, invoiced to the Michael Hill Group have been purchased/procured from legitimate sources not involved in the funding of conflict and in conformance with United Nations resolutions; and
- (iv) the Supplier will adhere to all guidelines and maintain and collect all necessary warranties related to the KPCS and the WDC SOW.

The fundamental principles set out in this Code of Conduct will not be compromised by the Michael Hill Group, however cultural and national differences and any other relevant factors will receive due consideration where required.

Please complete and sign below to acknowledge your understanding of, and commitment to, this Code of Conduct.

Name of Supplier: _____

Name of Authorised Representative: _____

Signature of Authorised Representative: _____

Date: _____

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¹ All invoices are to contain the following or equivalent WDC SOW declaration: *'the diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict and in conformance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds'*.