

BOARD CHARTER

Michael Hill International Limited ACN 610 937 598 (**Company**)

1. INTRODUCTION

This charter sets out the principles for the operation of the board of directors of the Company (the **Board**) and describes the functions of the Board.

2. ROLE AND RESPONSIBILITIES OF BOARD

The Board has the ultimate responsibility to its shareholders for the strategic direction, policies, practices, and setting targets for the management, operations and performance of the Company. Without limiting this general role, the Board expressly considers itself responsible for the following:

- defining the Company's purpose and setting its strategic operational and financial objectives
- monitoring the overall performance of the Company
- approving the Company's statement of values (**Values**) and code of conduct to underpin the desired culture within the Company
- overseeing the development and implementation of, and regularly reviews, the Company's frameworks for:
 - » diversity and inclusion
 - » whistleblower protection
 - » anti-bribery and corruption
 - » anti-money laundering
- demonstrating leadership in the development, implementation and monitoring of strategic operational and financial objectives of the Company
- appointing and replacing the Chief Executive Officer and Company Secretary
- approving the appointment and, where appropriate, replacement of members of the Company's executive team members (**Group Executives**)
- overseeing the Company's Chief Executive Officer, Group Executives and senior leaders' (**Management's**) implementation of the Company's strategic objectives, instilling of the Values and performance generally, and ensuring appropriate resources are available to Management
- contributing to and approving Management's development of corporate strategy and performance objectives
- appointing the Chair and, if the Chair is a non-independent director, a "senior independent director" which failing such appointment of a senior independent director shall be the Chair of the Audit & Risk Management Committee
- approving and monitoring the Company's operating budgets
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures
- approving and monitoring financial and other reporting systems of the Company (including external audit) and ensuring the integrity of these systems
- liaising with the Company's external auditors
- establishing and overseeing the Company's process for making timely and balanced disclosure of all material information in accordance with the ASX Listing Rules
- implementing and overseeing the Company's risk management framework (for both financial and non-financial risks) to enable risk to be identified, assessed and managed and to set the risk appetite the Board expects Management to operate within
- ensuring appropriate financial and risk management controls are implemented
- satisfying itself that an appropriate framework exists for relevant information to be reported by Management to the Board

- setting, monitoring and ensuring appropriate accountability and a framework for remuneration of Directors and executive officers
- whenever required, challenging Management and holding it to account
- satisfying itself that the Company's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite
- monitoring the effectiveness of the Company's governance practices
- ensuring compliance with the ASX Listing Rules, workplace health and safety regulations, consumer and privacy laws, and all other relevant laws
- implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers
- appointing and overseeing committees where appropriate to assist in the above functions and powers.

3. COMMITTEES

To effectively discharge its duties and responsibilities, the Board has established two committees:

- Audit & Risk Management Committee
- People Development & Remuneration Committee.

The Board will consider and approve the charters of these committees, which will identify the responsibilities and powers delegated to that committee. Each committee will report regularly to the Board.

Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.

The Board may establish other committees as and when required.

4. ROLE OF THE CHIEF EXECUTIVE OFFICER AND GROUP EXECUTIVE TEAM

Day to day management of the Company's affairs and the implementation of the corporate strategy, policy initiatives and budgets are formally delegated by the Board to the CEO and Group Executives. The CEO and Group Executives are accountable to the Board and provide accurate, timely and clear information to the Board on those activities, in a form and of a quality required by the Board to enable it to discharge its duties.

5. STRUCTURE OF BOARD

The composition, structure and proceedings of the Board are primarily governed by the Company's Constitution and the Corporations Act 2001.

The size of the Board will be determined in accordance with the Company's Constitution. It is the Board's policy that it will be comprised of a majority of independent directors. The Board aims to comprise directors with a broad range of skills, expertise, and experience from a diverse range of backgrounds that is appropriate to the Company and its strategy.

In assessing the independence of directors, the Company regards an independent director as a non-executive director who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- within the last three years has not been employed in an executive capacity by the Company or a related body corporate
- within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company or its related bodies corporate
- within the last three years has not been in a material business relationship (by example, as a supplier or customer) with the Company or its related bodies corporate, or an officer of, or otherwise associated with, someone in such a relationship

- has no material contractual relationship with the Company or its related bodies corporate other than as a director
- does not have close family ties with any person who falls within any of categories described above
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company or otherwise compromise their independence.

When considering whether a director is independent, the materiality of such interest, position, association or relationship shall be assessed to determine whether it might influence, or might reasonably be perceived to influence, in a material respect, the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

A director must advise the Chair (or, in the case of the Chair, the senior independent director appointed by the Board, failing such appointment the Audit & Risk Management Committee Chair) if there is a change in their interests, positions, associations or relationships that could bear on their independence at the earliest opportunity.

6. DIRECTORS' RESPONSIBILITIES

Each director must comply with their statutory and common law duties as directors of the Company. In addition to those duties, each director will:

- conduct their duties with honesty and integrity and observe the highest standards of ethical behaviour
- ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests
- make a reasonable effort to become and remain familiar with the affairs of the Company and the industries in which it operates
- review, question and challenge, where appropriate, the accuracy of the minutes and Board papers
- actively engage in the conduct of Board matters and meetings
- attend all Board meetings, and committee meetings where appointed, and Board functions unless there are valid reasons for non-attendance
- commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors or Group Executives to fulfil these duties.

Each director is bound by the Company's charters and policies.

7. CHAIR

The Chair will:

- chair Board meetings
- establish the agenda for Board meetings, in consultation with the directors and the Company Secretary
- chair meetings of shareholders, including the Annual General Meeting.

The Chair is responsible for:

- leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all directors in relation to issues arising at Board meetings
- facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between Board and Management
- promoting a constructive governance culture among the Board and Management
- shareholder communication

- overseeing the induction program of new directors
- arranging Board and director performance evaluations
- periodically reviewing whether there is a need for any director to undertake professional development to maintain the skills and knowledge necessary to effectively perform their role as director.

8. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board, within the risk appetite determined by the Board. In carrying out their responsibilities, the Chief Executive Officer must report to the Board in a timely manner and ensure that all reports to the Board are clear and accurate and present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer (together with the Chief Financial Officer) will be required to state in writing to the Board that the financial records of the Company have been properly maintained and that the financial reports of the Company comply with relevant accounting standards and represent a true and fair view, in all material respects, of the Company's financial position and performance.

9. COMPANY SECRETARY

The role of the Company Secretary is to support the effectiveness of the Board and its committees. In carrying out their responsibilities, the Company Secretary is accountable directly to the Board in the performance of this role which includes, without limitation:

- facilitating corporate governance processes and the proper functioning of the Board, by:
 - » coordinating meeting agendas, papers and preparing minutes
 - » ensuring timely communications and filings with corporate regulatory bodies
 - » monitoring compliance with Board and Committee policies and procedures
 - » assisting to organise and facilitate the induction and professional development of directors
- advising the Board and the Committees on governance matters.

Each director is entitled to access the advice and services of the Company Secretary.

10. INDUCTION OF NEW DIRECTORS AND ONGOING DIRECTOR EDUCATION

On their first appointment, directors will have the benefit of an induction program aimed at deepening their understanding of the Company, its activities and the business, environment and markets in which the Company operates. As part of the program directors will receive essential Board and Company information and will be given briefings by Management.

The Board will consider the need for director education from time to time and where considered necessary ensure that director education occurs regularly and that the Directors are provided the opportunity to undertake professional development education in order to maintain the skills and knowledge needed to effectively perform their role as director.

Directors are also expected to keep themselves abreast of changes and trends in the Company's business, environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally. Directors are expected to have an appropriate base level of understanding on accounting matters. Additional development and training in this area can be discussed with the Chair by a director. The Company will also provide briefings on developments in accounting standards.

Directors are each expected to visit a minimum of 5 of the Company's retail outlets per year and engage with the respective store managers and staff, to endeavour to gain a greater understanding of the Company's retail format and the "Michael Hill system of retailing".

11. INDEPENDENT ADVICE

A director may seek independent advice, including legal advice, where he or she believes it is necessary to properly discharge their duties as a director. The Company will pay for the reasonable cost of this advice provided that the director has obtained the prior written approval of the Chair (including for the cost of the advice).

If the Chair wishes to seek independent advice and wishes for the Company to pay for the reasonable costs of that advice, the Chair must obtain the prior written approval (including for the cost of the advice) of the chairperson of the Audit & Risk Management Committee or the senior independent director appointed by the Board.

Where a director's request in respect of independent advice is approved as set out above, the director and the Chair should agree who will provide instructions to the independent adviser. If the Chair has requested the advice, the chairperson of the Audit & Risk Management Committee (or the senior independent director who provided the approval) to obtain the advice should undertake this role.

Where a director's request in respect of independent advice is approved as set out above, a copy of the advice obtained will be provided to all directors together with an explanation as to why the advice was obtained unless the Chair determines that this is not appropriate or that a different approach should be taken.

The other directors will be advised if the Chair approves or declines a request to obtain independent advice unless the Chair determines such notification is not appropriate or that a different approach should be taken.

12. SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNER

(a) Responsibility

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next AGM of the Company.

(b) Selection criteria

Mandatory criteria

Candidates for the position of external auditor of the Company must be able to demonstrate independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other criteria

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

(c) Review

The Audit & Risk Management Committee will review the performance of the external auditor on an annual basis.

13. REVIEW OF CHARTER

This charter will be reviewed by the Board at least annually.