



OPEN LETTER TO PAST AND PRESENT TEAM MEMBERS

Dear current and former Australian retail store team members

I am providing an important update on a recent review we completed into our Australian retail employment contracts and rostering practices.

The findings of this review were extremely disappointing for the company. It found that the General Retail Industry Award had been historically misinterpreted and incorrectly applied for a portion of our store-based team members in Australia.

I sincerely apologise on behalf of the Company for these oversights which occurred under previous management, but assure you that I am absolutely committed to engaging with you transparently and with absolute integrity and fairness.

When we identified there was an issue, I mobilised a team to determine the scale of the problem, to identify the individuals affected and to ensure that our systems will comply with the Award moving forward.

This process is being supported by independent external experts PriceWaterhouseCoopers and will allow us to move with urgency to rectify any underpayments to the team members affected.

Today we announced that a full remediation program is underway to ensure that our systems and processes are tested and fully compliant with the Award.

The critical next step in this process is for us to review all employee records to identify those affected and to calculate any underpayments. We will work with PriceWaterhouseCoopers to complete this review, to give you absolute certainty and confidence that this process is being managed in a transparent and fair manner.

We expect this review to take several months based on the high volume of data from the last six years which needs to be extracted and analysed. We will continue to provide you with relevant updates as progress is made, and appreciate your patience as we work diligently through this process.

Once this review is completed, we will begin communicating directly with those people affected to outline the next steps in the remediation program and the process for receiving any entitlements.

No action by any current or former team member is needed right now. We will be in contact with you individually once the review is complete and future processes have been finalised.

Finally, I want to reiterate my commitment that we will put this right under my leadership.

Sincerely

Daniel Bracken
Chief Executive Officer, Michael Hill International

11 July 2019