

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Michael Hill International Limited

ABN/ARBN

25 610 937 598

Financial year ended:

26 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: [investor.michaelhill.com](http://investor.michaelhill.com)

The Corporate Governance Statement is accurate and up to date as at 26 June 2022 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: 23 September 2022

Name of authorised officer authorising lodgement: Emily Bird, Company Secretary

<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 <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 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 investor.michaelhill.com	
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"/>	
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"/>	
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"/>	

<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 investor.michaelhill.com and we have disclosed the information referred to in paragraph (c) in our Corporate Governance Statement.</p> <p>The company was not in the S&amp;P / ASX 300 Index at the commencement of the reporting period.</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) in our Corporate Governance Statement, and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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>	<input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) in our Corporate Governance Statement, and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	The board of a listed entity should: (a) have a nomination 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 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.	<input checked="" type="checkbox"/> and we have disclosed the fact that we do not have a nomination committee and the processes we employ 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 in our Corporate Governance Statement.	
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.	<input checked="" type="checkbox"/> and we have disclosed our board skills matrix in our Corporate Governance Statement.	
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 in our Corporate Governance Statement; and, where applicable, the information referred to in paragraph (b) in our Corporate Governance Statement; and length of service of each director in our Corporate Governance Statement.	
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	

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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"/>	
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"/>	
<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 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 investor.michaelhill.com, which details the material breach reporting process	
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 investor.michaelhill.com, which details the material incident reporting process	
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 investor.michaelhill.com, which details the material breach reporting process	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<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>	<input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at investor.michaelhill.com; and the information referred to in paragraphs (4) and (5) in the Directors' Report section of our 2022 Annual Report.	
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>	<input checked="" type="checkbox"/>	
4.3	<p>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.</p>	<input checked="" type="checkbox"/>	

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<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 and external communications policy at investor.michaelhill.com	
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"/>	
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"/>	
<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 investor.michaelhill.com	
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/>	
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"/>	
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"/>	



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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>	<input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at investor.michaelhill.com; and the information referred to in paragraphs (4) and (5) in the Directors' Report section of our 2022 Annual Report.	
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>	<input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in our Corporate Governance Statement.	
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 governance, risk management and internal control processes.</p>	<input checked="" type="checkbox"/> and we have disclosed how our internal audit function is structured and what role it performs 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>
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"/>	

## 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 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"/> Michael Hill's Chair of the People Development &amp; Remuneration Committee is not an independent director, and we have set this out in our Corporate Governance Statement. Otherwise, the Company has followed this recommendation and we have disclosed a copy of the charter of the committee at investor.michaelhill.com; and the information referred to in paragraphs (4) and (5) in the Directors' Report section of our 2022 Annual Report.</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 in our Corporate Governance Statement and in the Remuneration Report section of our 2022 Annual Report.</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 Trading Policy at investor.michaelhill.com</p>	



michael hill

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INTERNATIONAL LIMITED

# Corporate Governance Statement - 2022

# Corporate Governance Statement

Michael Hill International Limited ('Michael Hill' or Company) and its board of directors ('Directors' or 'Board') and its subsidiaries (together the 'Group') are committed to achieving and demonstrating high standards of corporate governance. Michael Hill has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (ASX Principles and Recommendations).

This Corporate Governance Statement is dated as at 26 June 2022 and reflects the corporate governance practices of the Group in place through the 2021/2022 financial year. References throughout this statement to "the year" refer to Michael Hill's 2021/2022 financial year which ended on 26 June 2022.

This Corporate Governance Statement was approved by the Board on 12 September 2022. Policies and Charters referred to in this document can be viewed at Michael Hill's Investor Centre website at [investor.michaelhill.com](http://investor.michaelhill.com).

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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### 1.1 ROLE OF THE BOARD AND MANAGEMENT

The relationship between the Board and the Company's executive team members (Group Executives) is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and long term. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Board Charter, and are available on the Investor Centre website.

The responsibilities of the Board include (amongst other matters):

- 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, and regular review, of the Company's frameworks for: diversity and inclusion; whistleblower protection; anti-bribery and corruption; and 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 (CEO) and Company Secretary
- approving the appointment and, where appropriate, replacement of members of the Group Executives
- overseeing the CEO, Group Executives and senior leaders' (Management's) implementation of the Company's strategic objectives, instilling the Values and performance generally, and ensuring appropriate resources are available to Management
- appointing the Chair. Where a senior independent director is not appointed, this role will be performed by the chair of the Audit and 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
- 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
- satisfying itself that an appropriate framework exists for relevant information to be reported by Management to the Board
- holding Management accountable for delivery against the agreed strategy and plan
- 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.

Day to day management of the Group'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 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.

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

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

More information on these committees can be found at items 4.1, 7.1 and 8.1 of this Corporate Governance Statement. Given its size, the Board has decided not to establish a separate nominations committee. Nomination and succession matters are formally considered by the Board twice a year (see item 2.1 of this Corporate Governance Statement).

The Board generally meets formally six times per year and receives trading updates by videoconference in months where no formal Board meeting is held. However, this year the Board met formally 12 times to appropriately monitor and respond to the COVID-19 global public health crisis and the impacts on the Michael Hill business. The number of meetings held by the Board and its committees, and attendances, is detailed in the Directors' Report section of the Annual Report.

## 1.2 APPOINTING DIRECTORS AND SENIOR EXECUTIVES

Michael Hill carefully considers the character, experience, education and skillset, as well as interests and associations, of potential candidates for appointment to the Board or to the Group's Executive Team. It also ensures appropriate verifications as to the suitability of the candidate, prior to their appointment including by using reputable external search firms and comprehensive referee, education and criminal checks, as appropriate.

Prior to recommending a director be elected or re-elected at an Annual General Meeting (AGM), the Board considers all information it is aware of which is relevant to shareholders making the ultimate decision. All material information known about the director (including their skills and expertise) is published on the Investor Centre website

and contained in the relevant notice of meeting of AGM which is reviewed and approved by the Board.

Michael Hill has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders.

## 1.3 WRITTEN CONTRACTS OF APPOINTMENT

In addition to being set out in the Board and Committee Charters, the roles and responsibilities of Directors are also formalised in a letter of appointment which each new director receives and commits to on their appointment. The letters of appointment specify the term of appointment, expectations in relation to committee work or any other special duties attaching to the position, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, notification requirements for any potential conflict of interests, insurance and indemnity entitlements and details of Michael Hill's key governance policies, such as the Trading Policy.

Each Group Executive enters into a service contract which sets out the material terms of employment, including a description of the position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.

Summaries of Michael Hill's service contracts with Key Management Personnel are detailed in the Remuneration Report section of the Annual Report.

## 1.4 COMPANY SECRETARY

In accordance with the Board and Committee Charters, each company secretary is accountable to the Board for facilitating Michael Hill's corporate governance processes and the proper functioning of the Board. The company secretaries facilitate Board governance processes by coordinating meeting agendas, papers and minutes, and ensures timely communications and filings with corporate regulatory bodies. Each director is entitled to access the advice and services of Michael Hill's company secretaries.

In accordance with Michael Hill's Constitution, the appointment or removal of the company secretary is a matter for the Board as a whole. Details of each of Michael Hill's company secretaries' experience and qualifications are set out in the Directors' Report section of the Annual Report.

## 1.5 DIVERSITY

Michael Hill values diversity and inclusion and recognises the benefits it can bring to its ability to achieve its goals. Accordingly, Michael Hill has developed a Diversity and Inclusion Policy, which is available on the Investor Centre website. This policy outlines Michael Hill's commitment to fostering a diverse and inclusive workplace and includes requirements for the Board to establish measurable objectives for ensuring diversity and to review annually both the objectives, and Michael Hill's progress in achieving them.

The measurable objectives for gender diversity, as adopted by the Board through the People Development and Remuneration Committee (PDRC) in 2016 (and reviewed and confirmed annually since), are:

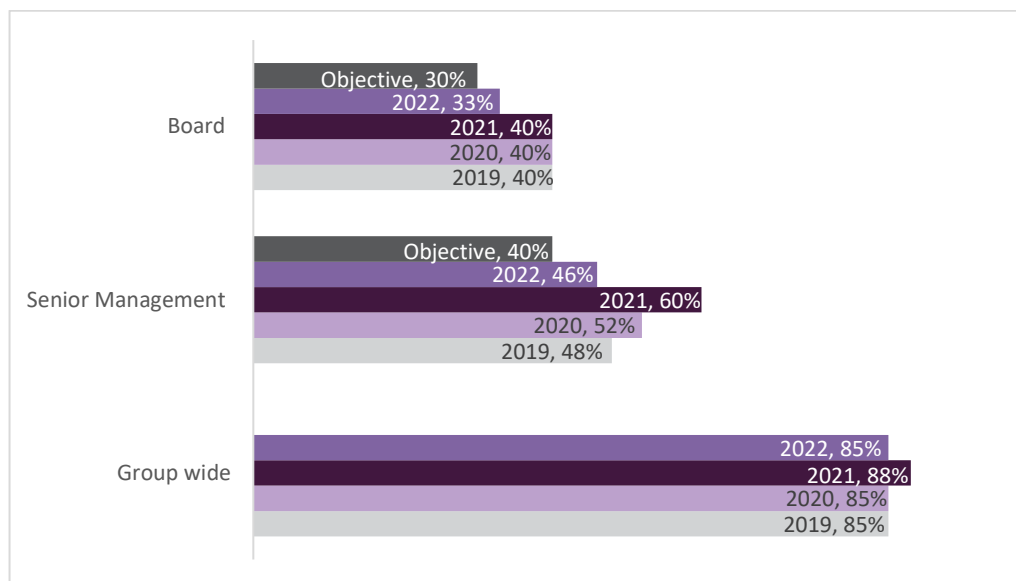
- 30% females on the Board
- female/male ratio in senior management roles (which include the CEO, Executive Team, regional management and support centre senior leadership) of 50%:50%.

- there is no set objective for female representation Group wide due to the consistently high representation of females in our workforce.

Michael Hill has developed and implemented a formal Diversity and Inclusion Project Plan which is focused on three key areas:

- understanding our current diversity landscape and improving our data recording and reporting capability to enable broader understanding of our team members through additional diversity markers
- fostering a culture of respect, fairness and appreciation of different skills, experiences and perspectives that enables people to be and accomplish their best
- removing barriers to diversity and inclusion through the continuous review of policies, processes and practices. This area includes our commitment to an annual review of pay to identify and act on any gender pay gap issues.

The outcomes and a comparison of Michael Hill's results against its measurable gender diversity objectives are set out below and illustrates Michael Hill's progress towards achieving its objectives as at the end of the past four years:



As Michael Hill matures in the diversity and inclusion space, the business will capture and report on further data regarding various identified diversity markers such as heritage, religion, languages other than English, education and disability, allowing for stronger talent management, succession planning and development and inclusion practices. This will be achieved through data capture during the recruitment process as well as through employee profiles in the established Human Resources Information System.

Michael Hill will continue to highlight our team members and their diverse backgrounds and experiences that they bring to work. We regularly share educational guides around culturally important dates, how to support neurodivergence and differing physical abilities in the workplace. We share stories of our teams' experiences of sexuality, mental health and education, and hold fast that our commitment to diversity and inclusion enriches our perspective, fuels our innovation, drives performance and engagement and connects us closer our team members, customers, shareholders and communities in which we operate.



Michael Hill's 2022 report to the Workplace Gender Equality Agency is available on the Investor Centre website.

## 1.6 BOARD REVIEWS

A performance review is undertaken annually in relation to the Board and the Board committees, and individual directors.

In 2019, Michael Hill engaged an external consultant experienced in Board reviews to conduct a review of the Board and its Committees and the effectiveness of the Board as a whole, and an action plan was developed and implemented over 2020 and 2021 to improve Board and Group Executive functions and effectiveness.

During the year, the annual Board review was undertaken and comprised a questionnaire and follow up interviews

with the Chair. All Board members, the Executive Team and the company secretaries participated. This was followed by a Board discussion, led by the Chair and a feedback session with the Executive Team and Company Secretaries. Recommendations arising from that review will be built into an action plan to be implemented over the next two years.

## 1.7 MANAGEMENT REVIEWS

Each year the Board, through the PDRC, sets financial, operational, strategic and people-related performance objectives for the CEO and Group Executives. During the year, performance against these individual and Group objectives was assessed periodically and a formal performance evaluation for Group Executives was completed after the end of each half financial year.

# PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

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The Board operates in accordance with the broad principles set out in the Board Charter, which is available on the Investor Centre website. The charter details the Board's composition and responsibilities.

## 2.1 NOMINATIONS COMMITTEE

Given its size, the Board has decided not to establish a separate nominations committee. Instead, the entire Board is involved in decisions on Board composition and succession issues and the identification and evaluation of potential directors. As part of the Board's operating rhythm, nominations and succession matters are formally considered at least twice a year; and as part of the annual Board review process, the mix of Board skills is evaluated.

All directors are consulted and provided with detailed information about potential new directors, as well as an opportunity to meet individually with the potential appointee.

## 2.2 BOARD SKILLS MATRIX













The Board has determined that each director must have the following essential personal attributes to be suitable to serve as a director of Michael Hill:

- high standards of personal integrity and ethical behaviour
- critical and sound judgement and decision making
- strong interpersonal and communication skills
- available to serve the needs of Michael Hill.

The Board considers that each director has these attributes.

The Board has identified the skill areas listed in the following table as providing strong foundations needed within the Board to carry out its management and oversight of Michael Hill, in the context of the retail sector and the challenges it represents.



	Technical skill	Explanation	Number of Directors with developed capability
	<b>Retail sector</b>	Experience and understanding of the retail industry, including an in-depth knowledge of store operations, merchandising, product development, exporting and customer strategy.	6 of 6
	<b>eCommerce and digital</b>	Senior executive experience in consumer and brand marketing in eCommerce and digital media to create a seamless customer experience	2 of 6
	<b>Marketing and branding</b>	Ability to contribute to strategic positioning, marketing and promotion	4 of 6
	<b>Strategic thinking</b>	Ability to think strategically, identify and critically assess opportunities/threats, and development and/or implementation of effective and innovative enterprise-wide strategy	6 of 6
	<b>High level of business acumen</b>	Strong commercial expertise and experience working as a senior executive	6 of 6
	<b>Financial acumen</b>	Senior executive experience and detailed understanding of key financial drivers, corporate finance, accounting and reporting, and internal financial controls. Ability to analyse financial statements, critically assess investment proposals, contribute to financial planning, oversee budgets and funding/banking arrangements and critically assess Group financial performance	5 of 6
	<b>International business development</b>	A broad range of business experience in international markets. Ability to assess opportunities for the Company's continued growth outside Australia, plan for the future and have a general knowledge of risks of operating in foreign countries	4 of 6
	<b>Experience in the countries in which the company conducts its business</b>	Australia, New Zealand and Canada	5 of 6
	<b>Technology and cyber security</b>	Expertise and experience in the use of governance of information management and information technology, including personal information, privacy and security risk management.	2 of 6
	<b>People and culture</b>	Experience overseeing or implementing a company's culture and people management framework, including succession planning to develop talent, culture and identity. Board or senior executive experience in applying remuneration policy and framework, including linking remuneration to strategy and performance, and the legislative and contractual framework governing remuneration.	6 of 6
	<b>Governance and risk management experience and expertise</b>	Knowledge and expertise in corporate governance, risk management frameworks, and environmental and social governance and related policies and procedures. Ability to use expertise to ensure good board governance of the Company, identify key risks and monitor risk and compliance with a focus on responsible and ethical operations.	5 of 6
	<b>Supply chain and procurement management</b>	Experience in managing or overseeing the operations of supply chains and distribution models and procurement in the retail industry	3 of 6

The Board recognises that each director will not necessarily possess experience in all areas relevant to Michael Hill's operations, so seeks to ensure that its membership includes an appropriate collective mix of directors with skills, knowledge and experience in these areas. Where the Board requires further depth of expertise in any of these areas, or expertise in other areas, it seeks that within the Group and through external advisors where appropriate.

## 2.3 DISCLOSE INDEPENDENCE AND LENGTH OF SERVICE

During the year, the Board comprised five non-executive directors (including the Chair), together with the CEO and

Managing Director, Daniel Bracken. The relevant matters of independence and the period of service of each director are set out in the table below.

Michael Hill listed on the ASX in July 2016 and is the ultimate parent company of the Group. Prior to July 2016, the Group's ultimate parent company was Michael Hill New Zealand Limited which was listed on the New Zealand Stock Exchange (NZX).

Periods of service as director of both companies are detailed below.

Name	Independent Yes/No	Period of service as director of Michael Hill International Limited	Period of service as a director of Michael Hill New Zealand Limited (the Michael Hill entity previously listed on the NZX)
Rob Fyfe (Chair)	Yes	9 June 2016 – current	6 January 2014 – 6 August 2016
Emma Hill	No – substantial shareholder and close family ties with Sir Michael Hill	9 June 2016 – current	22 February 2007 – current
Sir Michael Hill	No – substantial shareholder and close family ties with Emma Hill	9 June 2016 – current	30 March 1990 – 29 June 2016
Gary Smith	Yes	24 February 2016 – current	2 November 2012 – 5 August 2016
Jacquie Naylor	Yes	15 July 2020 – current	Not applicable
Daniel Bracken	No – Managing Director and CEO	28 June 2021 – current	Not applicable

## 2.4 INDEPENDENT DIRECTORS

Half of the directors on the Board are independent.

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

- is not a substantial shareholder of Michael Hill or an officer of, or otherwise associated directly with, a substantial shareholder of Michael Hill
- within the last three years has not been employed in an executive capacity by Michael Hill or another Group member
- within the last three years has not been a partner, director or senior employee of a provider of

material professional services to Michael Hill or another Group member

- within the last three years has not been in a material business relationship (by example, as a supplier or customer) with Michael Hill or other Group member, or an officer of, or otherwise associated with, an entity or person in such a relationship
- has no material contractual relationship with Michael Hill or another Group member other than as a director
- does not have close family ties with any person who falls within any of the 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 Michael Hill or otherwise compromise their independence.

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

Under the terms and conditions of appointment, a director must advise the Chair if there is a change in their interests, positions, associations or relationships that could bear on their independence at the earliest opportunity.

The Company is satisfied the Board operates independently of management and is highly effective in promoting the best interests of the Company and its shareholders. The Board considers that while Emma Hill, Sir Michael Hill and Daniel Bracken are not considered independent, they add significant value to the Board given their considerable experience and skills and bring objective and independent judgment to the Board's deliberations.

The Board has a number of long serving directors, who have developed significant insight into the Company, the jewellery industry, the markets in which the Company operates, the Company's operations and stakeholders and, therefore, significantly contribute to the Board as a whole. Accordingly, tenure is an important (but not conclusive) factor the Board takes into account when assessing the independence and ongoing contribution of a director.

## 2.5 INDEPENDENT CHAIR

Ms Emma Hill retired as Chair of the Board on 28 June 2021, having held the position since December 2015. Mr Rob Fyfe was appointed Chair of the Board on 28 June 2021. Mr Fyfe has a comprehensive understanding of the Group and its business through his position as a director on the Company's Board since 6 January 2014, and his extensive business experience across various board and executive roles. In December 2021, Mr Fyfe was appointed as a Companion of the New Zealand Order of Merit for his leadership and services to business. Following Ms Hill's retirement as Chair, the Board considered Mr Fyfe was most appropriate

candidate for the role of Chair. Given the Board has an equal balance of independent and non-independent directors, it is the opinion of the Board that governance is enhanced by having an independent Chair.

## 2.6 INDUCTION AND PROFESSIONAL DEVELOPMENT

The induction provided to new Directors and Group Executives enables them to actively participate in Board and executive decision-making as soon as possible. It ensures that they have a full understanding of Michael Hill's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and Group Executives, the role of the Board committees and Michael Hill's meeting arrangements. Prospective Board members undertake a formal induction process which involves meeting each Director and Group Executive, store visits, manufacturing/design studio and distribution centre tours. A prospective Board member must attend three Board meetings prior to being offered a director position and the Board considers this a very valuable component of the induction process.

All Directors are encouraged to become a member of the Australian Institute of Company Directors ('AICD') and to further their knowledge through participation in seminars hosted by the AICD and other forums sponsored by professional, industry, governance and Government bodies.

Professional development of individual Directors, and the Board as a whole, was evaluated as part of the year's annual Board performance review.

The Directors participate, from time to time, in Michael Hill's leadership forums and actively engage with the Group's employees in a range of settings including visiting the Group's stores and manufacturing and distribution centre facilities to gain an understanding of the operational environment.

During the course of the year Directors receive accounting policy updates, especially around the time when the Board considers the half-year and full-year accounts.

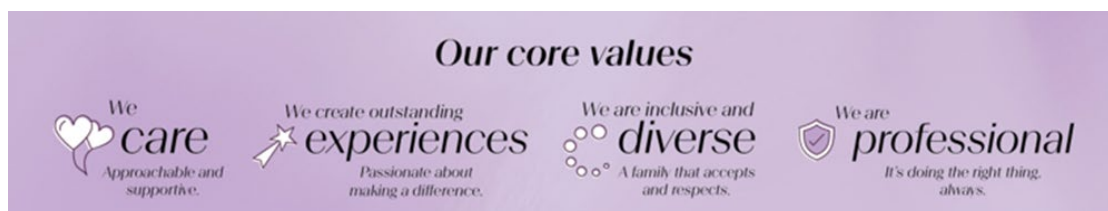
The Board also receives regular retail news updates as well as relevant and topical articles on legal, governance, accounting, regulatory change, human resource management and changing consumer behaviour and digital trends.

## PRINCIPLE 3: INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

### 3.1 VALUES

Michael Hill, in the conduct of its business, ensures that all of its people display behaviour in line with the Company's Values: We Care, We Create Outstanding Experiences, We are Professional, We are Inclusive and Diverse.

These Values are specified in the company's Code of Conduct that applies to all of Michael Hill's team members.



Additionally, these Values are well embedded in the Company's approach to decision making and personal performance reviews. All team members are expected to live the Values and operate with a high level of honesty, fairness and integrity, ensuring Michael Hill complies with all relevant legislation and the standards of the communities in which it operates.

### 3.2 CODE OF CONDUCT

The Board has established a Code of Conduct for directors, senior executives and employees, which is available on the Investor Centre website.

The Code establishes the principles, standards and responsibilities to which Michael Hill is committed with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large. In summary, the Code requires all Michael Hill team members act at all times with a high level of honesty, fairness and integrity, and in compliance with all relevant legislation and the standards of the communities in which the business operates. The Code also requires employees, Directors and contractors who are aware of unethical practices within the Group or breaches of the Code to report these to Management (which can be done anonymously in accordance with Michael Hill's Whistleblower Policy).

All team members are required to undertake annual training on their obligations under the Code.

During the year, breaches of the policy were reported to senior management and where appropriate the Board or Audit and Risk Management Committee (ARMC), and disciplinary or remedial action was taken.

### 3.3 WHISTLEBLOWER POLICY

The Board is committed to developing a culture of transparency and accountability, where all team members are empowered to raise concerns about misconduct or anything

improper, without fear of reprisal. To this end, the Board has established a Whistleblower Policy, which is available on the Investor Centre website.

The policy explains the process by which team members and external parties can raise their concerns, team members and external parties can raise their concerns to senior leadership team members as well as via third party confidential services.

At each of its meetings, the Audit and Risk Management committee (ARMC) receives a report on whistleblower matters. At the end of the year, all matters reported during the year had been addressed, and were closed or pending a final outcome. The Group Internal Audit and Risk Manager continues to monitor and investigate team member practices as a result of the trends and information being collated as part of the incidents reported under the policy.

Directors and contractors who are aware of unethical practices within the Group or breaches of the Code, are required to report these to Management (which can be done anonymously in accordance with Michael Hill's Whistleblower Policy).

All team members are required to undertake annual training on their obligations under the Code.

During the year, breaches of the policy were reported to senior management and where appropriate the Board or ARMC, and disciplinary or remedial action was taken.

### 3.4 ANTI-BRIBERY AND CORRUPTION POLICY

Michael Hill is committed to operating its supply chain, business activities and business relationships in a professional and fair and ethical manner.

The Board has established an Anti-bribery and Corruption Policy, which sets out the framework to ensure appropriate supplier due diligence is performed prior to the engagement of all new suppliers and especially suppliers of key materials used in Michael Hill's production supply chain, and prevent the acceptance of bribes or gratuities that could compromise the integrity of the supplier relationships. The policy framework also supports Michael Hill's commitment and

actions for mitigating the risks of modern slavery in its supply chain.

Breaches of the policy will be presented to the ARMC for review.

No breaches were reported during the year.

## PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

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### 4.1 AUDIT COMMITTEE

During the year, the Audit and Risk Management Committee consisted of the following independent non-executive Directors:

- » Gary Smith (chair)
- » Rob Fyfe
- » Jacquie Naylor (from November 2020)

Details of these Directors' qualifications and their attendance at ARMC meetings are set out in the Directors' Report contained in Michael Hill's Annual Report.

Each member of the ARMC is financially literate and has an appropriate understanding of the retail industry.

The ARMC operates in accordance with its charter which is available on the Investor Centre website.

The ARMC's primary function is to assist the Board in discharging its responsibilities by:

- recommending and applying appropriate ethical standards in relation to the management of the Company and the conduct of the Company's business
- monitoring corporate conduct and ethics and the ongoing compliance with laws, regulations and Board policies.

In fulfilling its responsibilities, this year, the ARMC, in accordance with its usual annual operating rhythm:

- received regular reports from Management and the internal and the external auditors and status of remediation actions agreed by management
- met with the internal and external auditors four times during ARMC meetings
- reviewed the processes that the CEO and CFO had in place to support their certifications to the Board
- reviewed any significant disagreements between the auditors and management, irrespective of whether they had been resolved

- met separately with the external auditors twice without the presence of management.

The ARMC provides the internal and external auditors with a clear line of direct communication at any time to either the Chair of the ARMC or the Chair of the Board.

The ARMC has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. In addition to the ARMC members, the CEO, CFO, Group Internal and Risk Audit Manager, Deputy Chief Finance Officer and General Manager Finance, Group Tax Manager, external auditors and company secretaries were regular attendees at ARMC meetings throughout the year.

### 4.2 CEO AND CFO CERTIFICATION OF FINANCIAL STATEMENTS

The Board received the relevant assurances from the CEO and CFO in the declarations provided in accordance with section 295A of the Corporations Act that the financial statements give a true and fair view of the financial position and performance of Michael Hill and comply with the applicable requirements.

### 4.3 INTEGRITY OF PERIODIC UNAUDITED MARKET RELEASES

Michael Hill releases periodic corporate reports that are not audited, including the non-financial section of the annual report and quarterly trading updates.

The ARMC monitors and reviews the process to verify the integrity of any periodic statutory report that the Company releases to the market that is not audited or reviewed by the external auditor. The Board reviews quarterly trading updates prior to their release (see principle 5.2) and can seek any further information or detail from Management during that process.

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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### 5.1 DISCLOSURE AND COMMUNICATIONS POLICY

Michael Hill has adopted guidelines in relation to disclosure and communications which set out the processes and practices that ensure its compliance with the continuous disclosure requirements under the ASX and NZX Listing Rules and the Corporations Act.

Michael Hill has also established guidelines to assist officers and employees of Michael Hill to comply with Michael Hill's approach to communications with external parties.

These guidelines are set out in Michael Hill's Continuous Disclosure and External Communications Policy, which is available on the Investor Centre website.

### 5.2 PROVIDING MARKET ANNOUNCEMENTS TO THE BOARD

Where possible, the Board reviews all material market announcements prior to their release by the Company.

When material market announcements are released, whether by the Company or by a third party one of the company

secretaries will notify the Board as a whole of the announcement.

During the year, there were no instances where material market announcements were made by the company where the Board did not provide their pre-approval for the release.

### 5.3 DISCLOSING SUBSTANTIVE INVESTOR PRESENTATIONS

The Company provides regular presentations to investors and shareholders as a whole (that is, where all shareholders are invited and provided the details to attend), specifically the AGM and the two half yearly financial results briefings. In those instances, the relevant presentation materials are released to the market prior to the start of those presentations.

In line with Michael Hill's Continuous Disclosure and External Communications Policy, non-public information which is (or may be) market sensitive will not be disclosed at any individual investor or analyst discussion or meeting.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

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### 6.1 INFORMATION ON WEBSITE

Michael Hill maintains an Investor Centre website, keeping investors informed of its corporate governance and financial performance via its website. Through this website, investors can access copies of all announcements to the ASX and NZX, notices of meetings, annual reports and financial statements, investor presentations webcasts and can access general information regarding Michael Hill (including Board and Group Executive team members and dividend policy) and governance documents including the Code of Conduct which contains the Company's statement of Values.

Michael Hill's Investor Centre website is located at [investor.michaelhill.com](https://investor.michaelhill.com).

### 6.2 INVESTOR RELATIONS PROGRAM

Michael Hill conducts regular in-person and virtual briefings including half year and full year results announcements, quarterly updates supported by one-on-one meetings, site visits and attends investor conferences to facilitate effective two-way communication with investors and other financial

market participants. Access to Group Executives and senior operational managers is provided at these events, with separate one-on-one or group meetings offered whenever possible and appropriate.

### 6.3 FACILITATE PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Shareholders are, unless specifically stated in a notice of meeting, eligible to vote on all resolutions. If shareholders are unable to attend the AGM, they are able to vote on the proposed motions by appointing a proxy.

Due to the impact of the global coronavirus pandemic, Michael Hill's 2021 AGM was held virtually, using specialist software that enabled shareholders to attend the meeting regardless of their location and participate in the meeting by voting and asking questions online. Michael Hill's 2022 AGM will also be held virtually.

Shareholders are given an opportunity to ask questions of Michael Hill and its auditor at the AGM.

## 6.4 MECHANISM FOR SUBSTANTIVE RESOLUTIONS

Michael Hill's standard process for all resolutions at meetings of shareholders is by poll, regardless of whether the resolution is considered substantive.

## 6.5 FACILITATE ELECTRONIC COMMUNICATIONS

Michael Hill provides its investors the option to receive communications from and send communications to, Michael Hill and the share registry electronically. Michael Hill maintains a dedicated investor relations email address which is monitored by the Company's investor relations team.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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### 7.1 RISK COMMITTEE

Michael Hill's ARMC oversees the process for identifying and managing material risks to Michael Hill in accordance with its charter, which is available on the Investor Centre website.

Further details regarding the ARMC, its membership and the number of meetings held during the year are set out in response to Recommendation 4.1.

### 7.2 ANNUAL RISK REVIEW

The ARMC undertook a comprehensive review and updates to the Group's risk management framework, including its internal audit and risk management functions, during the year and is satisfied that:

- its risk management framework is sound for Michael Hill
- the business is operating with due regard to the risk appetite set by the Board
- the risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber security, privacy and data breaches, sustainability and climate change.
- the risk management framework also considers key business risks, including strategic, compliance and project risks.

### 7.3 INTERNAL AUDIT

Michael Hill has an internal audit function that operates under a Board-approved internal audit charter.

The internal audit function is overseen by the ARMC. In accordance with its charter, the appointment or removal of the Group Internal Audit Manager is ultimately a matter for the ARMC.

Biannually, the ARMC considers the internal audit and risk management plan to ensure it addresses the current operating environment and risks facing the Group.

### 7.4 SUSTAINABILITY RISKS

Michael Hill identifies and manages material exposures to environmental or social risks in accordance with its risk management framework incorporating the Board approved risk tolerances.

Michael Hill has continued working to address its material sustainability issues and improve its sustainable business practices and to this end maintains its certification from the Responsible Jewellery Council, with our pending re-certification to 2025 being a major milestone in our sustainability journey, demonstrating our commitment to responsible jewellery and promoting trust and transparency in our supply chains.

Further details on Michael Hill's sustainability approach and measures during the year can be found in Michael Hill's Annual Report.



## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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### 8.1 REMUNERATION COMMITTEE

During the year, the People Development and Remuneration Committee consisted of the following non-executive Directors (a majority of whom are independent):

- » Emma Hill (chair)
- » Rob Fyfe
- » Gary Smith.

Details of these Directors' qualifications and their attendance at PDRC meetings are set out in the Directors' Report contained in Michael Hill's Annual Report.

Ms Hill has a comprehensive understanding of the Group and its business practices including human resources and remuneration frameworks, through several years of executive and non-executive experience with the business. The Board considered that Ms Hill was most appropriate candidate for the role of PDRC Chair. Given that the PDRC was composed by a majority of independent Directors, it is considered that governance is not adversely affected by there being a non-independent PDRC Chair. Ms Hill is not employed by Michael Hill in an executive capacity.

The PDRC operates in accordance with its charter which is available on the Investor Centre website. The PDRC advises the Board on remuneration and incentive policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Group Executives and non-executive Directors.

Each member of the Group Executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Further information on Directors' and key management personnel remuneration, including principles used to determine remuneration, is set out in the Remuneration Report contained in Michael Hill's Annual Report.

The PDRC also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions. This includes overseeing processes in relation to meeting diversity objectives for the Group.

The PDRC also reviews and determines the Group's remuneration policy and structure annually, including the performance goals and measures for the CEO and Group Executives, to ensure it remains aligned to business needs, meets the Group's remuneration principles, strategic and operating plan and promotes and incentivises conduct in accordance with the Company's Values and risk appetite.

The PDRC has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

### 8.2 DISCLOSURE OF EXECUTIVE AND NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Michael Hill seeks to attract and retain high performance Directors and executives with appropriate skills, qualifications and experience to add value to the Company and fulfil the roles and responsibilities required. It reviews requirements for additional capabilities at least annually.

Executive remuneration is designed to reflect performance and, accordingly, remuneration is structured with a fixed component and performance-based remuneration component.

Performance linked compensation includes both short term (STI) and long term (LTI) incentives and is designed to reward Group Executives for meeting or exceeding their financial and personal objectives. The STI is an 'at risk' bonus with an on-target component (provided in the form of cash) and an outperformance component (provided in the form of rights over ordinary shares of Michael Hill under the rules of the Company's incentive plan, known as share rights), while the LTI is provided as share rights. Further details on the year's STI and LTI arrangements for Group Executives are set out in the Remuneration Report section of the Annual Report.

Non-executive Directors are paid fixed fees for their services in accordance with Michael Hill's Constitution. Fees paid are a composite fee, covering all Board and Committee responsibilities as well as any contributions by Michael Hill to a fund for the purposes of superannuation benefits for a Director. No other retirement benefit schemes are in place in respect to non-executive Directors.

Further details regarding the remuneration of non-executive Directors are set out in the Remuneration Report contained in Michael Hill's Annual Report.



## **8.3 HEDGING IN EQUITY INCENTIVE SCHEMES**

Michael Hill has a Trading Policy which provides that Directors, the CEO and Group Executives and other certain categories of employees must not purchase or create any hedge or derivative attached to or based on securities in Michael Hill (including shares, options and rights).

The Trading Policy is available on the Investor Centre website.



**michael hill.**  
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