

AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

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

1. INTRODUCTION

This charter sets out the role, responsibilities, composition, authority and membership requirements of the Audit & Risk Management Committee (**Committee**) which has been established by the Board.

2. RESPONSIBILITIES

The Committee'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.

Audit related

- overseeing, reviewing and making recommendations to the Board in relation to:
 - » whether the Company's financial statements reflect a true and fair view of the financial position and performance of the Company
 - » the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements
 - » timely adoption of relevant accounting policies
- discharging the Board's responsibilities relative to the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance and the audit process
- ensuring that the quality of financial controls is appropriate for the business of the Company
- reviewing the Company's internal financial control system and financial statements for accuracy and compliance with appropriate accounting practices
- monitoring and reviewing the Company's internal audit function and ensuring compliance in this regard with the relevant regulatory frameworks
- reviewing matters of significance affecting the financial welfare of the Company
- reviewing material company policies relevant to the operations of the Company
- ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate
- maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged
- ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard
- reviewing the scope, results and adequacy of external and internal audits, including the status of remediation actions agreed to by Management
- considering and making recommendations regarding the appointment, rotation and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor
- monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and making recommendations on any proposal by the external auditor to provide non-audit services
- reviewing and making recommendations regarding:
 - » the appointment or removal of the Group Internal Audit and Risk Manager
 - » the scope and adequacy of the Company's internal audit processes and the internal audit work plan
 - » the objectivity and performance of the internal audit function

- evaluating the independence of the Group Internal Audit and Risk Manager

Risk management related

- overseeing, reviewing and making recommendations to the Board in relation to:
 - » the adequacy of the Company's processes for managing risks and developing an appropriate risk management policy framework to guide the Company's management and operations
- ensuring that the necessary controls are in place for an appropriate risk management framework to be maintained by:
 - » devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation
 - » reviewing the Company's risk management framework at least annually to satisfy the Committee that it continues to be sound
- defining and periodically reviewing risk management as it applies to the Company and ensuring the appropriate disclosure of any relevant risks to the market
- ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and overseeing this framework
- ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders
- ensuring that the Board and Management establish a risk aware culture which reflects the Company's risk policies and tolerances
- reviewing and monitoring material business risks, including economic, financial, technological, social and environmental, and the status of mitigating actions agreed to by Management
- monitoring material changes to the Company's risk profile as developed by Management and reporting as required to the Board on those changes
- considering advice from the risk management function as to whether the Company is operating efficiently, effectively and in accordance with relevant laws and regulations
- reviewing and monitoring all related party transactions and interests involving the Company
- reviewing the adequacy of the Company's insurance policies
- reviewing whether the Company has any material exposure to any economic, environmental and social sustainability (including modern slavery) risks and if so, develop strategies to manage such risks and monitor progress towards meeting sustainability targets
- approving the Company's annual modern slavery statement.

3. AUTHORITY

The Board formally delegates and confers its powers to the Committee to perform the functions specified in this charter. This includes the right to obtain information, interview Management and internal and external auditors (with or without Management present), and seek advice from external consultants or specialists where the Committee considers that necessary or appropriate.

Although the Board has delegated its powers and responsibilities to the Committee as specified in this charter, the Board retains ultimate accountability for discharging its duties.

4. MEMBERSHIP

The Committee will consist of at least three non-executive directors appointed by the Board, a majority of whom are independent. There is no prescribed term for membership of the Committee. The effect of ceasing to be a director is the automatic termination of that individual's appointment as a member of the Committee.

Each member of the Committee will be financially literate and at least one member of the Committee is to have accounting or related financial management experience. The members of the Committee should, between them, have the accounting and financial expertise, technical knowledge and a sufficient understanding of the industry in which the Company operates, to discharge the charter.

5. CHAIR

The Board will select a chairperson (**Committee Chair**) who is:

- an independent director
- not the Chair of the Board.

The Committee Chair will report to the Board at the earliest possible Board meeting after each Committee meeting on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action, and provide the Board with sufficient information upon which to make a decision in that regard.

Should the Committee Chair be absent from a meeting and no acting chairperson has been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be chairperson for that particular meeting.

6. INVITEES

Each director may attend Committee meetings but will have no voting rights unless he or she is a member of the Committee.

The Chief Executive Officer, Chief Financial Officer, Group Internal and Risk Audit Manager, General Manager Finance, any other accounting personnel of the Company and any representatives of the external auditor may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

7. COMPANY SECRETARY

The Company Secretary will coordinate the timely completion and dispatch of the Committee agenda, minutes and materials for each meeting. The minutes of each Committee meeting will, following preliminary approval by the Committee Chair, be circulated to the Committee members.

8. ACCESS TO INTERNAL AND EXTERNAL AUDITORS, AND MANAGEMENT

The Committee will have unlimited access to the external and internal auditors, and to senior management of the Company and its related bodies corporate. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company or the group and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will also have the ability to interview Management and internal and external auditors (with or without Management present).

The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

9. MEETINGS

The Committee will meet at such intervals as required to fulfil its obligations but must meet at least four times annually.

In addition, the Committee Chair is required to call a meeting of that Committee if requested to do so by any member of that Committee, the external auditors, the internal auditors, the Chair of the Board or another Board member.

A quorum will consist of two members.

Meetings may be held in any location and may be held by means of teleconference or videoconference, and decisions may be made by circular or written resolution.

10. FEES

A member of the Committee is entitled to receive remuneration as determined from time to time by the People Development & Remuneration Committee.

11. REVIEW OF CHARTER

This charter will be reviewed annually by the Committee to ensure it remains consistent with that Committee's authority, objectives and responsibilities. Any amendment to this charter must be approved by the Board.