

# PEOPLE DEVELOPMENT & REMUNERATION COMMITTEE CHARTER

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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 People Development & Remuneration Committee (**Committee**).

## 2. RESPONSIBILITIES

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

- overseeing, reviewing and making recommendations to the Board in relation to:
  - » setting, monitoring and ensuring appropriate accountability and a framework for remuneration of directors and executive officers
  - » remuneration policies, ensuring they are aligned with the Company's purpose, values, strategic objectives and risk appetite
  - » the development of the Company's statement of values and code of conduct to underpin the desired culture within the Company
  - » the entity's remuneration framework for directors, including the process by which any pool of directors' fees approved by security holders is allocated to directors
  - » the remuneration packages to be awarded to senior executives
  - » equity-based remuneration plans for senior executives and other employees
  - » superannuation arrangements for directors, senior executives and other employees
  - » whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees
- in developing the framework for executive remuneration, consider matters including that:
  - » senior executives should be remunerated by an appropriate balance of fixed remuneration and performance-based remuneration
  - » levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company's business, and should reflect core performance requirements and expectations
  - » any performance-based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short-term and long-term performance objectives. Such targets should be appropriate to the Company's circumstances, goals and risk appetite
  - » equity-based remuneration may include, among other things, options or share rights. Such remuneration should include appropriate hurdles that are aligned to the Company's longer-term performance objectives and should be structured in a manner to minimise the possibility they lead to a short-term focus or the taking of undue risks
  - » any termination payments for senior executives should be agreed in advance and should not be applied in the case of removal for misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments
- reviewing the remuneration, personnel and succession policies and practices (including the Diversity Policy) of the Company and making recommendations to the Board in relation to:
  - » senior executive remuneration and incentive plans including, but not limited to:
    - pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by the Chief Executive Officer or Chief People Officer
    - reviewing the on-going appropriateness and relevance of the remuneration policy and other benefit programs for senior executives and other employees
    - considering whether to seek shareholder approval of the Management remuneration policy
    - overseeing the implementation of the remuneration policy
    - reviewing and approving the total proposed payments for each senior executive
  - » and in respect of such senior executive remuneration, reviewing the competitiveness of the Company's compensation programmes to ensure:

- the programmes are attractive, with a view to ensuring the retention of the Company's senior executive members
- the motivation of the senior executives to achieve the Company's business objectives
- the alignment of the interests of senior executives with the long-term interests of the Company's shareholders
- » remuneration packages for senior executives including, but not limited to:
  - considering and making recommendations to the Board on the entire specific remuneration for each senior executive (including fixed remuneration, performance-based remuneration, equity-based remuneration, termination benefits, retirement rights, service contracts and superannuation), having regard to the remuneration policy
  - considering whether shareholder approval will be required
- » non-executive director remuneration including, but not limited to:
  - the Company's remuneration framework for non-executive directors, including the process by which any pool of non-executive directors' fees approved by shareholders are allocated to non-executive directors
  - in developing the structure, considering matters including that:
    - » non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions)
    - » levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role
    - » non-executive directors should not receive performance-based remuneration
    - » non-executive directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or share rights as part of their remuneration
    - » non-executive directors should not be provided with retirement benefits (other than statutory superannuation)
  - ensuring that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders
- » the people strategy of the Company including organisation structure, performance and succession planning strategies
- » the Company's recruitment, retention and termination policies and procedures for senior executives
- » incentive plans (equity and cash based) including, but not limited to:
  - reviewing and approving the design of all equity-based plans
  - keeping all plans under review in light of legislative, regulatory and market developments
  - for each equity-based plan, determining each year whether awards will be made under that plan
  - ensuring that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders
  - reviewing and approving total proposed awards under each plan
  - in addition to considering awards to executive directors and direct reports to the Chief Executive Officer, reviewing and approving proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee
  - reviewing, approving and keeping under review performance hurdles for each equity-based plan
- » superannuation arrangements
- » remuneration of members of other committees of the Board
- » whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees of the Company

- » whether there is appropriate diversity in the Board and senior executive group
- reviewing and approving:
  - » changes to the remuneration or contract terms of executive directors and senior executives
  - » the design of new, or amendments to current, equity plans or cash-based incentive plans for senior executives
  - » the total level of compensation proposed from equity plans or executive cash-based incentive plans
  - » termination payments to executive directors or senior executives, including consideration of early termination, except for removal for misconduct.

### 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 from and interview Management, 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.

No Committee member is entitled to attend that part of a meeting at which the remuneration of that member or a related party of that member is being discussed.

### 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 and the Chief People Officer may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

No non-Committee member attendee is entitled to attend that part of a meeting at which the remuneration of that individual or a related party of that individual is being discussed.

## **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**

The Committee will have unlimited access to officers and employees 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 its related bodies corporate 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 where considered necessary and appropriate.

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 three 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.