SUSTAINABILITY REPORT

FY26

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ABOUT THE SUSTAINABILITY REPORT

This Sustainability Report presents climate-related disclosures for Michael Hill International Limited and its controlled entities (the Group) for the financial year ended 28 June 2026, together with the accompanying Directors' Declaration. The disclosures have been prepared in accordance with AASB S2 *Climate-related Disclosures*, the applicable Australian Sustainability Reporting Standard for climate-related financial reporting, and the requirements of the Corporations Act 2001. Consistent with AASB S2 requirements, the report has been prepared for the same reporting entity and reporting period as the Group's consolidated financial statements and should be read alongside those financial statements and the related basis of preparation disclosures. All climate-related financial information is aligned with the Group financial statements presented in Australian dollars, which is the Group's presentation currency. In addition, this report has been prepared using the same underlying data, assumptions and methodologies applied in the preparation of the financial statements.

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

TRANSITION RELIEF

In preparing these climate-related disclosures, the Group has applied the transitional provisions available under AASB S2 paragraph C4(b), not to disclose Scope 3 greenhouse gas emissions (GHG) in the first year of reporting. In addition, the Group has elected the relief provided by paragraph C3 and has not included comparative information for reporting periods prior to the date of initial application.

FORWARD LOOKING STATEMENTS

This Sustainability Report contains forward-looking statements regarding climate-related risks, opportunities, targets, initiatives and future performance. These statements are based on assumptions, judgements and information available at the date of this report and are subject to uncertainties and factors that may be outside the Group's control. Where management has made significant judgements, estimates and assumptions this has been disclosed in the report. Actual outcomes may differ materially from those expressed or implied in these statements.

GOVERNANCE

The Board leads the Group's strategic direction by approving the Group's business strategy, targets and risk appetite, and oversees management's execution against these objectives. It is responsible for the 2030 Sustainability Strategy, including climate-related targets, reported under the Planet Pillar.

BOARD AND MANAGEMENT'S ROLE IN GOVERNANCE

The Board oversees climate-related risks and opportunities and considers the potential impacts of climate-related risks and opportunities when overseeing the Group's strategy, significant transactions, trade-offs and investment decisions. In discharging these governance responsibilities, the Board has established two committees: the Audit & Risk Management Committee (ARMC) and the Sustainability Committee.

AUDIT & RISK MANAGEMENT COMMITTEE

The ARMC (chaired by a non-executive director) provides oversight of the Group's financial reporting, internal controls and audit, risk management and compliance obligations. This includes providing recommendations to the Board in relation to:

- Whether the Group's financial statements and disclosures reflect a true and fair view of the financial position and performance of the Group
- Adoption of climate reporting standards.

The ARMC is the primary committee in overseeing management's identification, assessment and management of climate risks and opportunities, including considering their impact on the Group's financial statements and disclosures. These responsibilities are outlined below and in the ARMC Charter, as well as the Group's Risk Framework.

The Board receives regular reporting from the ARMC on climate related risks and opportunities. Climate-related matters were discussed at three of the ARMC's four scheduled meetings during FY26. These discussions included updates from management on the company's progress toward the 2026 climate-related reporting obligations, including management insights on the identification and assessment of key climate-related risks and opportunities and other climate-related developments.

SUSTAINABILITY COMMITTEE

The Sustainability Committee is responsible for setting the Group's climate strategy and targets and overseeing progress against the commitments outlined in the 2030 Sustainability Strategy. The strategy and associated climate-related targets were approved by the Board in 2022 following the Committee's recommendation. Future reviews and updates to the Sustainability Strategy and associated targets will consider climate-related risks and opportunities when considering changes to the strategy, targets and related initiatives. The Committee comprises cross-functional representation of executives and senior leaders from across the Group and reports to the Board on initiatives as required.

MANAGEMENT RESPONSIBILITIES

The Sustainability Committee is supported by a dedicated management working group, the Climate Reporting Working Group, which supports the identification, assessment and management of climate-related risks and opportunities (in coordination with the Group Risk Function) and the preparation of climate-related reporting and disclosures, including greenhouse gas (GHG) emissions. The group meets monthly, and as required, and comprises cross-functional representation from Finance, Legal, Risk and Compliance.

The Climate Reporting Working Group is responsible for monitoring and evaluating progress against the Group's climate target. The Climate Reporting Working Group provides verbal progress updates to the Sustainability Committee on an ad hoc basis and reports formally to the ARMC on progress against climate-related targets and the Group's reporting obligations. Finally, the Board receives and reviews updates on progress and approves the Group's climate-related disclosures prior to publication.

In addition, the Board delegates day-to-day responsibility of implementing its Sustainability Strategy, including strategic initiatives in response to identified climate-related risks and opportunities, to members of the Executive Leadership team. The Board exercises oversight of the activities undertaken by these roles through the aforementioned committees. Key executive responsibilities include:

- Chief Executive Officer (CEO) is responsible for the execution of the Group's 2030 Sustainability Strategy and for integrating climate-related matters and considerations into the Group's broader strategic initiatives and agenda.
- Chief Financial Officer (CFO) is responsible for incorporating climate-related matters into financial matters and disclosure activities and executing the Group's climate-related targets.
- Chief Product Officer (CPrO) is responsible for integrating climate-related risks and opportunities into product strategy, including material sourcing aligned with the Group's Sustainability Strategy for sustainable and responsible products.

CONTROLS AND PROCEDURES USED BY MANAGEMENT TO SUPPORT OVERSIGHT OF CLIMATE MATTERS

Management oversee climate matters through a number of controls and procedures which are integrated throughout business functions, including:

- Integration with the risk management framework: Climate-related risks and opportunities are identified, assessed and managed through the Group's Risk Management Framework, including risk workshops, risk registers and structured risk assessment methodologies.
- Monitoring and reporting of the Group's carbon emissions data, updates on climate-related risks and disclosures, and alignment with financial reporting processes.
- Execution of climate strategy and targets through the procurement of green energy solutions, to support the delivery of the Group's climate-related goals and targets.

CLIMATE-RELATED SKILLS AND EXPERIENCE

The Board has adopted a Board Skills Matrix and, as part of the annual Board performance review process, evaluates the mix of board skills, experience and independence of its members. This includes assessing both the current capability of the Board and the desired mix of attributes, taking into account the evolving nature of the Group's business and the external environment. This process ensures that the Board has the appropriate balance of skills, knowledge and experience to discharge its obligations effectively and identifies any current or emerging capability gaps.

Each year, the Board identifies a number of essential personal attributes and skills that directors should possess in order to be suitable to serve as a director. The Board recognises that each director will not necessarily possess experience in all areas, so seeks to ensure that the Board is composed of an appropriate 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 expertise from within the Group and through external advisors where appropriate.

Sustainability and ESG, including climate-related risks and opportunities, is deemed an essential skill required of directors. In FY26, 50% of directors were assessed as having skills and experience in this area. During FY25, all directors received training on climate reporting requirements, including climate-related risk and opportunities, the intersection with directors' duties, and the process for preparing the Sustainability Report.

A biography for each director and their governance roles and responsibilities is set out on pages 7 to 9 of the 2026 Directors' Report (Information on Directors).

REMUNERATION

Management remuneration is not currently linked to sustainability performance or management of climate-related risks and opportunities.

RISK MANAGEMENT

Climate-related risks are categorised into two categories: physical risks and transition risks. Physical risks arise from the direct impacts of climate change, including acute events such as floods, storms and heatwaves, and longer-term changes in climatic conditions. Transition risks arise from the transition to a lower-carbon economy and may result from changes in regulation, technology, market preferences and stakeholder expectations. Climate-related opportunities refers to the potential positive effects arising from climate change. Both risks and opportunities have the potential to impact the Group's operations and business activities across all locations, either directly or indirectly.

The Board sets the Group's risk appetite, oversees high and extreme risks (Group risks), and monitors the effectiveness of risk management practices. Group risks are identified, assessed and managed in accordance with the Group's Risk Management Policy and Risk Management Framework.

The framework (broadly aligned with ISO 31000: 2018 *Risk Management – Guidelines)* establishes a consistent methodology for identifying, assessing, managing and reporting risks across the Group. It encompasses key risk categories, including strategic, business, financial, compliance, project, and climate-related risks and opportunities. The framework, together with the Risk Appetite Statement and Risk Management Policy, is reviewed annually and submitted to the ARMC for endorsement.

The following risk processes support the framework:

- Tailored risks workshops are conducted at a departmental level to identify and evaluate risks specific to each department, including climate-related risks (physical and transition) and opportunities. These assessments draw on a broad range of internal and external industry data sources to inform risk identification and assessment of departmental risks.
- Risk likelihood and consequence are assessed using the Group Risk Matrix, with each risk assigned a rating, including those related to climate.
- The Group's Audit and Risk team maintains oversight of all departmental and Group risks, including climate-related risks and opportunities. As part of each risk review cycle, risks are stress tested to determine whether ratings need to be updated.

- The Board maintains oversight of the Group's climate related risks and opportunities in accordance with the Risk Management Framework, the Group's Audit and Risk team review and ensure alignment on ratings. While climate risk is not a standalone high or extreme-rated risk at the Group level, several departmental risks with climate-related impacts are being managed at the departmental level through the departmental Risk Registers, where they are monitored and reviewed in accordance with the Group's Risk Management Framework.

STRATEGY

Michael Hill recognises that both the physical impacts of climate change and the global transition to a low-carbon economy may affect aspects of its operations and value chain. These impacts may manifest as direct risks and opportunities, as well as amplifiers of broader strategic and operational challenges, such as regulatory compliance, supply chain resilience and customer sentiment.

The Group undertook an assessment in FY26, underpinned by the Group's risk management framework, to evaluate how climate-related risks and opportunities may influence the Group's business model, supply chain and strategy over a short, medium and long term time horizon. This exercise identified five climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, warranting disclosure to support primary users' understanding and decision-making.

Physical risks include the potential for extreme weather events to disrupt the Group's store network and supply chain, and for climate-driven macroeconomic damage to reduce consumer spending power in key markets. Transition risks include the potential for energy-transition-driven demand for precious metals to increase input costs, and for evolving consumer preferences to shift demand toward more sustainable product alternatives. At the same time, the Group sees meaningful opportunities in the growing consumer demand for sustainable, responsible and circular jewellery products.

The Group's strategic response to these risks and opportunities is described in the sections below.

CLIMATE SCENARIO ANALYSIS

The Group has assessed the identified climate-related risks and opportunities using scenario analysis. Scenario analysis is a structured process used to explore a range of plausible future climate states, helping to assess the potential effects of climate-related risks and opportunities on the Group's strategy, business model and financial position, and to test the resilience of the Group's strategy under a range of possible climate futures.

The scenario analysis was conducted during FY26 with the support of an external consultancy.

Scenarios were drawn from the Network for Greening the Financial System (NGFS) scenario set and are set out in the table below. The NGFS scenario framework was selected because it is purpose-built to help organisations understand the financial implications of climate change. Intergovernmental Panel on Climate Change (IPCC) scenarios describe how the climate system evolves and NGFS scenarios add the economic and market layers, including the cost of carbon, physical damage to economies, and shifts in consumer and business behaviour, that are necessary to assess how climate change could affect Michael Hill's revenues, costs, and operating conditions across Australia, New Zealand and Canada.

Three scenarios were modelled across a warming spectrum. The Medium Warming scenario has been adopted as the Group's Base Case. This scenario, based on the NGFS Nationally Determined Contributions (NDC) scenario, assumes all countries fulfil their current national climate pledges under the Paris Agreement but take no further action beyond those commitments. The NDC scenario was selected as the Base Case because it represents a reasonable central warming trajectory that sits between the more optimistic Net Zero 2050 pathway and the more adverse Current Policies scenario. Management considers the assumptions used in this scenario to represent its best estimate of future conditions at the reporting date. The anticipated effects of identified risks and opportunities described in this report are based on this Base Case scenario and are set out in the Climate-related risks and opportunities section following.

The Low Warming and High Warming scenarios have been used for resilience testing, to assess how the Group's strategy and business model would perform under more ambitious or more adverse climate futures. Refer to the Climate Resilience section.

	Low Warming (Net Zero 2050)	Medium Warming (NDC) — Base Case	High Warming (Current Policies)
Scenario mapping and sources	NGFS Net Zero 2050 IEA [1] Net Zero Emissions by 2050	NGFS Nationally Determined Contributions (NDC) IEA Announced Pledges Scenario	NGFS Current Policies IEA Stated Policies Scenario
IPCC alignment	SSP[2]1-1.9	IPCC SSP2-4.5	IPCC SSP3-7.0
Warming trajectory	~1.5°C by 2100	~2.5 - 3.1°C by 2100	~2.5 - 4.0°C by 2100
Scenario narrative	Rapid and ambitious global decarbonisation. Governments implement strong climate policies and emissions targets. Transition to renewable energy accelerates significantly. Physical climate risks are minimised, but transition risks, including rapid shifts in consumer preference toward sustainable products, are more pronounced in the short to medium term.	Trajectory consistent with currently implemented Nationally Determined Contributions (NDCs). Steady policy implementation results in a balanced mix of escalating physical risks and gradual transitional policy changes. Extreme weather events increase in frequency and severity over the medium to long term.	Delayed or failed global climate action. Countries maintain only currently implemented policies, with limited new mitigation measures. Transition risks are low, but physical risks, including the frequency and severity of extreme weather events, increase significantly over the medium to long term.
Role in MHJ analysis	**Resilience testing.** Transition risks such as input price pressures from clean energy demand for precious metals are most acute in the near term. Consumer preference shifts toward sustainable jewellery products accelerate.	**Base Case for anticipated effects.** The Group's identified risks and opportunities are assessed and quantified under this scenario. Physical risks increase gradually, while transition risks and opportunities evolve at a measured pace consistent with current policy settings.	**Resilience testing.** Physical risks to the Group's store network and supply chain are most severe in the long term. Macro demand drag from climate-driven economic damage is most pronounced. Transition risks are lower with a slower pace of decarbonisation resulting in reduced pressure on precious metal input prices and less impact of customer preference shifts.

1 IEA: International Energy Agency
2 SSP: Shared Socioeconomic Pathway

TIME HORIZONS

The Group has assessed the potential effects of climate-related risks and opportunities over short, medium and long-term time horizons. The same time horizons have been used in climate scenario analysis. These time horizons are defined below:

Time horizon	Financial years	Rationale
Short term	0–1 year (to 2027)	Alignment with the Group's annual financial planning, budgeting and operational forecasting cycles.
Medium term	1–3 years (2028–2030)	Alignment with the Group's medium-term strategic planning horizon.
Long term	4+ years (to 2035)	Intended to encompass longer-dated operational and capital allocation decisions.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group identified five climate-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, as described above.

The Group has not identified any material effects on its financial position, performance and cash flows for the current reporting period as directly attributable to climate-related risks. In addition, the Group has not identified any significant risk of material adjustment during FY27 to the carrying amounts of assets and liabilities reported in the Group’s consolidated financial statements.

The Group has assessed, over the short, medium and long term time horizons, the potential effects of climate-related risks and opportunities on its future performance, including their current and anticipated impacts on its financial position, financial performance and cash flows. The anticipated effects described below are based on the Medium Warming (Base Case) scenario.

Estimates of anticipated impacts involve a high degree of uncertainty, as outcomes are heavily influenced by factors such as macroeconomic developments, consumer behaviour shifts and patterns of severe weather events. Where this uncertainty limits the reliability or usefulness of quantitative disclosures, the Group provides qualitative information about financial effects including explanations of the anticipated impacts and financial categories impacted (items within the financial statements that are likely to be affected by that climate-related risks or opportunity).

Mitigation and adaptation measures include both direct and indirect efforts as appropriate. Measures described below form part of existing operations and no additional resources are required to achieve these. However, in the case of requiring additional resources, the Group will ensure that sufficient personnel and expertise are made available to support the effective delivery of mitigation and adaptation efforts.

Transition Risk: Increased precious metals input price	
Description	Increased cost of goods sold (COGS) from increases in gold, platinum, and silver input prices driven by the energy transition. As cleantech demand for these metals rises, higher commodity prices could directly increase the Group's production costs.
Time horizon	The effects of increased precious metals input pricing could reasonably be expected to occur over the short to medium term time horizons Short term 0–1 year (2027) · Medium term 1–3 years (2028–2030) · Long term 4+ years (to 2035)
Potential impacts on business model & value chain	The Group's business model is directly exposed to this risk through cost of metal, with gold, silver and platinum being core inputs to jewellery manufacturing. The risk is concentrated in the Group's upstream value chain, specifically in the procurement of raw precious metals and finished goods from suppliers in India, Thailand and Italy. Gold dominates the exposure. The risk affects the Group's cost base and gross margin, with potential flow-on effects to retail pricing strategy and product mix decisions.
Mitigation & adaptation measures	The Group actively monitors external commodity price indicators and macroeconomic conditions, using scenario modelling to assess potential impacts on COGS. Regular monitoring and analysis of sales volumes and gross margins by product category supports decision-making and risk mitigation. The Group performs strategic planning processes, including adjustment or reprioritisation of initiatives for sourcing and product offering if necessary. Historically, the Group has demonstrated a strong ability to maintain gross margins in the face of rising commodity costs, effectively offsetting record high gold and silver input costs through intelligent product design, enhanced product mix and disciplined pricing execution.
Current financial impacts	This risk did not have a material impact on the Group's financial position, financial performance or cash flows in 2026. The impact of rising input costs has not been material to margins due to product mix and pricing discipline.

Anticipated financial impacts	The modelled impact on gross margin from demand-side price increases in gold, platinum and silver driven by the energy transition is assessed to be immaterial across both the short and medium term time horizons. The impact on gross margin from potentially higher metals input prices in the short to medium term are expected to be recovered through product mix and pricing discipline.
Financial categories impacted	Cost of goods sold (materials); gross profit

Physical Risk: Operational disruption to facilities and store network	
Description	Lost trading-day revenue from extreme weather events disrupting the Group's store network and operational facilities. Extreme weather events, such as floods and cyclones, can force store closures and disrupt the operation of the distribution centre, causing lost trading-day revenue. The more the world warms, the more frequent and severe these disruption events become.
Time horizon	The effects of extreme weather events causing disruption to operations could reasonably be expected to occur over the short to long term time horizons. Short term 0–1 year (2027) · Medium term 1–3 years (2028–2030) · Long term 4+ years (to 2035)
Potential impacts on business model & value chain	Anticipated effects include operational disruption from extreme weather leading to closure of facilities; employee access limitations reducing staffing and productivity; weather-related events deterring customers from visiting physical locations; and increased costs from emergency repairs and temporary closures. The risk is concentrated in the Group's retail store network.
Mitigation & adaptation measures	The Group performs strategic planning of store locations for its current and future store footprint, with a focus on identifying and mitigating risks in climate-vulnerable areas. The Group leverages risk assessments provided by insurance partners, which include analysis of weather perils such as cyclones, flooding and bushfires, to inform location decisions and support long-term resilience planning. The Group's store network, spanning over 280 locations across Australia, New Zealand and Canada, provides a degree of natural geographic diversification that reduces the likelihood of any single extreme weather event having a significant disruption to the Group's operations. In addition, the Group's omni-channel strategy and e-commerce capability provides the ability to offset in-store sales disruption. Ship-from-store processes enable retail locations to fulfil online orders from store inventory, rather than relying on central distribution centres. Emergency response plans are regularly tested, and the Group has established long-term relationships with multiple contractors who can be mobilised quickly for repairs. In addition, the Australian Distribution Centre is the Group's primary distribution hub and provides contingency support for New Zealand and Canada during supply disruptions.
Current financial impacts	The Group has tracked the impact of lost trading days due to extreme weather events since 2021, and to date the financial impact of lost sales has not been material. This risk did not have a material impact on the Group's financial position, financial performance or cash flows in 2026.
Anticipated financial impacts	The macroeconomic models used in the modelling suite to estimate physical climate damage are subject to measurement uncertainty. Additionally, the assumptions used to translate the physical climate hazard signal into operational revenue loss are based on structured expert judgement anchored to the Group's own tracked experience since 2021, rather than empirically derived parameters. Canada and New Zealand have not been separately modelled, with Australia used as the proxy market for the Group as a whole.

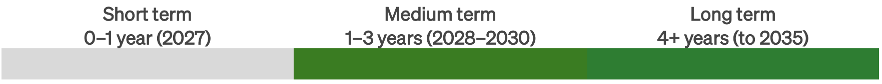
	The modelled impact from lost trading-day revenue from extreme weather is assessed to be immaterial across all selected time horizons. The Group has assessed assets that may be vulnerable to this risk using the results of a global natural catastrophe diagnostic prepared by our insurance brokers during FY25. The diagnostic assessed each site's exposure to twelve natural hazards, including flood, cyclone, earthquake, storm, fire, tornado and volcanic activity. For the purposes of this assessment, a site was considered vulnerable where it received the highest hazard classification for one or more hazards under the diagnostic methodology. Based on this assessment, 15% of the Group's sites were identified as vulnerable to physical climate-related hazards. The risk is concentrated in store sites, with more than half located in Australia. In most cases, these sites were identified due to river flood or coastal flood exposure, where the highest hazard classification represents areas with a 1% annual chance of flooding. These sites had a written down property, plant and equipment asset value of $5.1m at the end of FY26, representing 1% of the Group's total assets. These hazard classifications represent the degree of exposure of a site to a particular natural hazard and do not indicate the expected severity of damage, financial loss or business interruption that may result if such an event occurs.
Financial categories impacted	Revenue; gross profit

Physical Risk: Climate-Driven Macro Demand Drag	
Description	As extreme weather events increasingly impact broader economic productivity, climate-driven macroeconomic damage may reduce national incomes and consumer spending power, affecting demand for discretionary luxury purchases like jewellery.
Time horizon	Short term 0–1 year (2027) · Medium term 1–3 years (2028–2030) · Long term 4+ years (to 2035)
Potential impacts on business model & value chain	The Group's revenue is exposed to macro demand reduction driven by climate-related economic damage. As temperatures rise, the increasing frequency and severity of extreme weather events, including floods, heatwaves and tropical cyclones, damages physical infrastructure and reduces economic productivity. Over time, these effects suppress national income growth below the level it would otherwise have reached, reducing the spending power available to households for discretionary purchases. Jewellery, as a discretionary luxury purchase, may see demand fall by more than the income reduction itself. The exposure is geographically concentrated, with Australia seeing a disproportionate share of projected climate damage.
Mitigation & adaptation measures	The Group actively monitors external macroeconomic indicators and uses scenario modelling to assess potential impacts on revenue. The Group's strategic planning processes include consideration of geographic market mix and the relative climate exposure of key markets. Furthermore, the brand positioning toward "accessible modern luxury" broadens appeal to customers who become price sensitive during periods of economic pressure. Key initiatives include increased use of lower-cost materials such as vermeil to maintain attractive entry price points. Targeted promotions rather than blanket discounting and inventory agility and demand-led planning, the strategy aims to improve responsiveness to changes in customer demand through AI-enabled assortment planning, improved inventory allocation and more data-driven pricing.
Current financial impacts	This risk did not have a material impact on the Group's financial position, financial performance or cash flows in 2026.

Anticipated financial impacts	The macroeconomic models used in the modelling suite to estimate physical climate damage to national incomes are subject to substantial measurement uncertainty. As a result, any quantitative estimate of the anticipated financial effects would be highly uncertain and is not considered useful to users of the report. However, the direction of impact is considered informative, indicating that increased physical climate damage could exert downward pressure on discretionary consumer spending, relative to a no-climate-change world, in key markets over the medium to long term.
Financial categories impacted	Revenue (all product categories); gross profit

Transition Risk: Customer Preference Shift	
Description	As climate awareness grows and consumer values evolve, customers may increasingly seek jewellery products they perceive as more sustainable — shifting purchasing behaviour away from products associated with carbon-intensive extraction and mining.
Time horizon	The effects of customer preference shift could reasonably be expected to occur over the medium to long term time horizons. Short term 0–1 year (2027) · Medium term 1–3 years (2028–2030) · Long term 4+ years (to 2035)
Potential impacts on business model & value chain	Exposure is concentrated in the Group's diamond-containing product categories, where direct, price-competitive and potentially lower-impact alternatives are available at commercial scale. The Group's natural diamond-containing product revenue is exposed to substitution if consumer preference shifts toward lab-grown alternatives. As climate policy tightens and sustainability awareness grows, customers may increasingly prefer sustainable jewellery options or reduce jewellery purchases due to concerns about the environmental impact of mined raw materials. This could lead to loss of market share and reduced sales, requiring a strategic shift towards sustainable sourcing and product transparency.
Mitigation & adaptation measures	The Group continues to offer a broad range of products, including lab-grown diamonds, to cater to customers seeking diverse and potentially lower-impact jewellery options. By closely monitoring sales volumes and gross margin performance across product categories, the Group identifies evolving trends and works collaboratively with suppliers to ensure the product offering remains responsive to market demand. Initiatives such as the Re:Cycle Program enable customers to recycle gold jewellery, which helps reduce mining impacts and emissions. Additionally, the Re:Store Program has been expanded to include non-Group jewellery products, providing customers with the opportunity to extend product lifespans and prevent waste. The Group's sustainability strategy remains focused on progressively integrating responsible and circular materials.
Current financial impacts	This risk did not have a material impact on the Group's financial position, financial performance or cash flows in 2026. Based on the Group's FY26 pricing experience, lab-grown diamond products have achieved average selling prices and margins at or above comparable natural diamond products, reflecting customer trading-up behaviour.

Anticipated financial impacts	Modelling the financial impact of this risk across the short, medium and long term time horizons is subject to significant measurement uncertainty, particularly concerning: - the pace at which consumer preferences shift toward lower-impact jewellery alternatives, which is not directly or uniformly tied to climate policy settings - the extent to which customers switching to lab-grown alternatives demand a price discount, or continue to trade up to larger or higher-quality stones at comparable or higher price points - the degree to which lab-grown diamonds become consistently demonstrated and accepted as a sustainable alternative, which remains unsettled at an industry level. As a result, any quantitative estimate of the anticipated financial effects would be highly uncertain and is not considered useful to users of the report. The Group will continue to monitor market dynamics and reassess this position as the evidence base matures.
Financial categories impacted	Revenue (diamond product categories); gross profit

Transition Opportunity: Sustainable Product Revenue Uplift	
Description	Growing consumer interest in sustainably sourced and lower-impact jewellery products would present the Group with an opportunity to capture incremental revenue by expanding its offering to meet that demand.
Time horizon	The effects of sustainable product revenue uplift could reasonably be expected to occur over the medium to long term time horizons. 
Potential impacts on business model & value chain	The opportunity is concentrated in the Group's diamond-containing product categories, where direct, price-competitive, potentially lower-impact alternatives are available at commercial scale and consumer interest is already established. As climate policy tightens and sustainability awareness grows, customers may seek sustainable jewellery options. The Group is well-positioned to capture this shift, with an existing product range, strong customer consideration rates, and the commercial infrastructure to expand its offering of lower-impact alternatives in response to evolving customer preferences.
Implementation strategies	The Group continues to develop and expand its range of lab-grown diamond products, recognising the growing customer appetite for choice in jewellery options. By working closely with suppliers and monitoring sales volumes and gross margin performance across product categories, the Group is well positioned to identify emerging demand trends and respond with product offerings that suit a diverse customer base. The Group's sustainability direction includes a progressive focus on sourcing lower-impact materials from responsible sources, guided by evolving customer preferences and supply chain capabilities.
Current financial impacts	Lab-grown diamond revenue has grown strongly in 2026, reflecting a continued shift in product mix. However, multiple factors have contributed to this growth, including pricing, product range expansion and broader consumer trends. As a result, the Group is unable to separately identify the portion attributable to customer sustainability preferences.
Anticipated financial impacts	As is the case for the counterpart risk (customer preference shift), the Group has determined not to disclose the financial quantification of this opportunity externally due to the level of uncertainty in the modelling approach.
Financial categories impacted	Revenue (diamond product categories); gross profit

CLIMATE RESILIENCE

The Group has assessed the resilience of its strategy and business model to climate change by considering the identified climate-related risks and opportunities under both the Low Warming (Net Zero 2050) and High Warming (Current Policies) scenarios described in the Climate Scenario Analysis section above, across short, medium and long-term time horizons.

Although the relative severity of transition and physical risks differs across the two scenarios, with transition risks and opportunities more pronounced under Net Zero 2050 and physical risks more pronounced under Current Policies, the Group's assessment has not identified any implications that fall outside those already described in the climate-related risks and opportunities tables above. The mitigations and adaptive capacity set out in those tables remain applicable across both warming pathways and all assessed time horizons.

Based on this assessment, the Group's business model and strategy are considered resilient to climate-related risks and opportunities across all assessed time horizons. The Group's capacity to adapt is supported by several structural characteristics of its business model, including its diversified geographic footprint across Australia, New Zealand and Canada; its omni-channel retail capability, which provides the ability to offset physical store disruption through online fulfilment; its demonstrated ability to maintain gross margins through disciplined pricing and product mix management in the face of commodity cost pressures; and its active management of its product range to respond to evolving consumer preferences. Disruption to diamond supply due to cutting, polishing or sourcing activities in India is managed through strong supplier partnerships and inventory flexibility initiatives, including increased use of consignment arrangements and risk sharing models with suppliers. These measures assist in reducing supply disruption impacts should sourcing challenges occur in a particular region. Furthermore, the Group experienced no disruption to product availability or cost increases as a result of the 2024 Surat flooding events, supported by sufficient inventory levels maintained throughout the supply chain.

The significant areas of uncertainty disclosed in the climate-related risks and opportunities tables above remain applicable to the scenario analysis outcomes described in this section. While the outcomes of the resilience assessment reflect the Group's current understanding of climate-related risks and opportunities, the Group acknowledges that there could be unknown risks and uncertainties that may cause actual outcomes to differ from those described. The Group will continue to monitor key climate indicators and integrate these insights into its ongoing strategic planning processes.

TRANSITION PLAN

The Group has not developed a formal transition plan at this stage, however, it continues to consider climate-related matters as part of its ongoing strategic planning activities and will revisit its 2030 Sustainability Strategy in the coming years including consideration of whether a transition plan is appropriate.

METRICS AND TARGETS

GREENHOUSE GASES: 2026 RESULTS

OPERATIONAL GHG EMISSIONS

Total Carbon Emissions (tCO2e)	2026
Scope 1	26
Scope 2	
Location-based	2,172
Market-based	36
Total Scope 1 and 2 (location-based)	**2,198**
Total Scope 1 and 2 (market-based)	**62**
Carbon credits retired (tCO2e)	63
Net Scope 1 and 2 (market-based) post offset	**-**

The Group's absolute gross Scope 1 and 2 GHG emissions for FY26 were 2,198 tonnes of carbon dioxide equivalent (tCO_2e), using the location-based method. This included 26 tCO_2e Scope 1 and 2,172 tCO_2e Scope 2 (location-based) emissions.

Scope 1 emissions are direct GHG emissions that occur from sources controlled by the Group. This consists of emissions from refrigerants used in air conditioning units and fridges and gas used in manufacturing and repairs facilities.

Scope 2 emissions are indirect GHG emissions from purchased or acquired electricity and heating. The Group has calculated Scope 2 emissions using both location-based and market-based methodologies. The location-based method estimates emissions using an average emissions intensity for grids where the electricity consumption occurs. The market-based method estimates emissions in the context of the Group's investments in different electricity products, such as voluntary purchases of renewable energy certificates. These contractual arrangements include GreenPower and Large-scale Generation Certificates (LGCs) in Australia, New Zealand Energy Certificates (NZ-ECs) in New Zealand and certified renewable energy certificates in Canada. The Group set a target to achieve net zero Scope 1 and 2 emissions by the end of 2025 (refer to the Climate-Related Targets section) and has used the total Scope 1 and 2 market-based emissions metric to track progress towards this goal.

Total gross Scope 1 and 2 emissions using the market-based method of 62 tCO_2e represent operational emissions unrelated to electricity use. These residual emissions have been offset through the procurement of certified carbon credits (refer to Climate-Related Targets section on page 16 for details of offsets purchased) resulting in net zero Scope 1 and 2 emissions for FY26.

METHODOLOGY FOR THE CALCULATION OF GHG EMISSIONS

CALCULATION STANDARD

The GHG emissions inventory for the Group for FY26 has been calculated in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

The operational control approach has been used to determine the organisational boundary for the Group's emissions inventory. All sites and assets under the Group's direct operational control are included within the reporting boundary. This includes all Michael Hill and Bevilles stores across Australia, New Zealand and Canada and Michael Hill and Bevilles support office locations (including the manufacturing and distribution centre and repairs site) in Brisbane. The Group wholly owns these operations, so the emissions boundary is aligned with the Group for financial reporting purposes. The distribution centres in Canada and New Zealand are operated by third party logistics providers and, as the Group does not hold operational control over these facilities, they fall outside the organisational boundary and will be included in Scope 3 emissions.

Direct operational control also refers to assets under the Group's management control. Equipment which is maintained and under the management control of the landlord is not included within the Group's reporting boundary.

Scope 1 and 2 emissions are measured as follows:

Scope	Emissions category	Activity	Data source	GWP and Emissions factor source	Methodology, estimates, uncertainty
Scope 1	Fugitive emissions	Top up of refrigerants used in air conditioning units and fridges maintained by the Group	Maintenance records	GWP values from IPCC Sixth Assessment Report 2020 (AR6)	GHG Protocol guidance “Lifecycle Stage Approach” methodology for HFC emissions is used. Under this method the relevant refrigerant GWP is applied to refrigerant used in servicing equipment or lost in disposal of equipment.
	Stationary combustion	Combustion of LPG from a small number of gas bottles used in the Group’s manufacturing and repairs facilities	Invoices	DCCEEW Australian National Greenhouse Accounts Factors 2025	Usage of gas (based on invoice data for replacement of gas bottles) is multiplied by the relevant emissions factor.
Scope 2	Purchased electricity (location-based)	Electricity consumption	kWh data sourced: AU and NZ sites - Smart Power e-smart online reporting (supplier and landlord invoices). CA sites - Smart Power e-smart online reporting (supplier invoices) and landlord invoices/ confirmation for embedded networks. kWh usage accruals are made where data is not available within reporting timeframes.	DCCEEW Australian National Greenhouse Accounts Factors 2025 NZ Ministry of Environment Guidance 2025 Environment and Climate Change Canada (ECCC)’s National Inventory Report (NIR) 1990 – 2023	kWh electricity consumed is multiplied by state (AU), province (CA) or national (NZ) average emissions factors for all electricity consumed from those grids. Medium uncertainty in some activity data for CA. In some cases (10 stores in FY26), kWh activity data has been estimated for embedded network retail sites where data was not available from landlords.
	Purchased electricity (market-based)	Electricity consumption	kWh data as for purchased electricity (location-based) Invoice data for kWh GreenPower purchases	DCCEEW Australian National Greenhouse Accounts Factors 2025, Residual Mix Factors	For AU, NZ and CA, electricity usage matched with GreenPower purchases or LGC/NZEC retirements is deducted from total KWh electricity consumed.

		Invoice data for LGC and NZ-EC purchases	NZ Brave Trace Residual Supply Factors Environment and Climate Change Canada (ECCC)'s National Inventory Report (NIR) 1990 – 2023	Renewable energy grid mix (RPP and JRPP) is also deducted for Australia. A residual mix factor is applied to the remaining electricity consumption to calculate market-based emissions. For CA, as no renewable electricity instruments have been purchased in FY25 or prior years, location-based emissions have been used for those years.
Purchased heat	Gas usage for provision of store heating (CA retail locations)	Gas usage data from direct supplier invoices	Environment and Climate Change Canada (ECCC)'s National Inventory Report (NIR) 1990 – 2023	m^3 gas usage is multiplied by province emission factors.

USE OF ESTIMATES
In some instances, actual usage of electricity and heating was not available from supplier invoice data. In these cases, consumption has been estimated based on average consumption for sites of a similar size and location, or historical consumption for that site.

OTHER CROSS-INDUSTRY METRICS

INTERNAL EMISSIONS PRICE
The Group does not currently have a methodology to calculate or apply an internal emissions price to incentivise lower carbon practices or guide investment decisions.

CLIMATE-RELATED TARGETS

NET ZERO SCOPE 1 AND SCOPE 2 EMISSIONS TARGET
The Group set a target to achieve net zero GHG emissions from its own operations (Scope 1 and 2 emissions with Scope 2 emissions measured using the market-based method) by the end of 2025 (calendar year target). This target applies to the Group as a whole and was set in 2022 as part of the Group's 2030 Sustainability Strategy. The target was set with the intention that 100% of the Group's electricity usage would be matched with zero emissions renewable energy. Any remaining emissions, calculated under the Scope 2 market-based method, would be offset with carbon credits.

The target was developed internally with reference to the goals of the Paris Agreement and with guidance from an external specialist sustainability consultancy. The target was not validated by a third party. The Group's target is a net GHG emissions target, with an objective to minimise scope 1 and 2 emissions. The Group has not set a gross GHG emissions target. Greenhouse Gas Protocol metrics are used to measure this absolute target, specifically carbon dioxide equivalent (CO_2e) measured in tonnes of CO_2e.

PERFORMANCE AGAINST CLIMATE-RELATED TARGETS
The Group successfully achieved its net zero target for Scope 1 and 2 emissions in December 2025 and has continued to meet this target for the full FY26 reporting period.

To achieve the Group's net zero goal in Australia, the Group voluntarily purchases GreenPower and surrenders renewable energy generation certificates (LGCs) to match electricity use above Australia's Renewable Power Percentage (RPP). The RPP is the portion of electricity that the Clean Energy Regulator (CER) requires to be from renewable sources under the Renewable Energy Target.

In New Zealand, the Group voluntarily purchases and redeems New Zealand Energy Certificates (NZ-ECs) via the New Zealand Energy Certificate System. These NZ-ECs are equivalent to 100% of the Group's electricity use, ensuring that consumption is matched with certified renewable energy generated in New Zealand.

In Canada, the Group purchases EcoLogo certified renewable energy certificates (RECs), that meet strict environmental standards, to match 100% of Canadian store electricity usage.

Investment in these products means the amount of electricity used from the grid in Australia, New Zealand and Canada is matched with electricity produced from certified renewable sources. This allows the Group to report our market-based scope 2 electricity emissions as zero, using the market-based methodology as per the GHG Protocol Scope 2 Guidance.

USE OF CARBON CREDITS TO ACHIEVE TARGETS

The Group has achieved the net zero Scope 1 and 2 emissions target primarily through renewable energy procurement as described above. However, some operational emissions not related to electricity use remain. These residual emissions have been offset through the procurement of certified carbon credits aligned with our broader nature restoration goals.

The Group purchased a total of 63 tonnes of CO_2e offsets (equivalent to 3% of the Group's total Scope 1 and 2 emissions for FY26) to cover these residual emissions:

- Australia: 27 tonnes of CO_2e offsets were purchased through Clima to cover Scope 1 fugitive emissions. The underlying offsets are Australian Carbon Credit Units (ACCUs) generated from the Limestone Plantation Forestry project, which establishes and manages high-quality commercial timber plantations in Victoria, Australia drawing down significant carbon stocks.
- Canada: 36 tonnes of CO_2e offsets were purchased through Carbonzero to cover Scope 2 emissions associated with gas usage for store heating. The underlying offsets are generated from the Niagara Escarpment Forest Carbon Project, which promotes and maintains the function and diversity of forest ecosystems in Ontario. This project is publicly listed on the CSA CleanProjects Registry and is third-party verified under ISO-14064-2 by Carbon Consult Group.

DIRECTORS DECLARATION

In the opinion of the directors of Michael Hill International Limited (collectively, 'the Group'), I state that the Group has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report of the Group and its subsidiaries for the year ended 28 June 2026, as presented on pages 3 to 17, are in accordance with the Corporations Act 2001, including:

a. Complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures and any further requirements determined under section 296C(2) of the Corporations Act 2001; and

b. Containing the climate statement disclosures required by section 296D of the Corporations Act 2001.

Made in accordance with a resolution of the directors of Michael Hill International Limited pursuant to section 296A(6) of the Corporations Act 2001, as modified by section 1707C(2) of the Corporations Act 2001.

On behalf of the Board

Rob Fyfe

Rob I Fyfe
Chair

28 August 2026

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Independent auditor's review report to the members of Michael Hill International Limited

Conclusion

We have conducted a review of the following information in the Sustainability Report of Michael Hill international Limited (the Company), and its subsidiaries (collectively the Group) for the year ended 28 June 2026 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Governance section (pages 3 to 5)
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Climate-related risk and opportunity tables, limited to risk/opportunity descriptions and classification as physical or transition (pages 8 to 12).
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Metrics and Targets section (pages 14 to 16), ending with the "Use of estimates" subsection

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

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Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.

Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

We confirm that the independence declaration required by the Act, which has been given to the directors of Michael Hill International Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

Comparative information was not subject to an assurance engagement in the prior period. In connection with our review on the selective sustainability information, our responsibility is to determine whether the comparative information is appropriately presented, by evaluating its consistency with the disclosures presented in the prior period and the consistency of the criteria with the criteria applied in the current period. Our conclusion is not modified in respect of this matter.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report, including the Financial Report and the Sustainability Report, but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

Inherent limitations

As discussed on page 8 of the Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of Michael Hill International Limited's' s assessment of climate-related risks and opportunities
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period
- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures
- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information
- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2

Ernst & Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
Brisbane
28 August 2026