

# MICHAEL HILL

INTERNATIONAL LIMITED

## BOARD CHARTER

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Michael Hill International Limited ACN 610 937 598 (Company)

## 1. INTRODUCTION

This charter sets out the principles for the operation of the board of directors of the Company (the **Board**) and describes the functions of the Board, the authority delegated to Board Committees and the Board's relationship with management.

## 2. ROLE AND RESPONSIBILITIES OF BOARD

The Board has the ultimate responsibility to its shareholders for the strategic direction, policies, practices, and setting targets for the management, operations and performance of the Company and its subsidiaries (the **Group**). Without limiting this general role, the Board expressly considers itself responsible for the following:

### Strategy and oversight

- defining the Group's purpose and setting its strategic operational and financial objectives
- monitoring the overall performance of the Group
- approving the Company's statement of values (**Values**) and code of conduct to underpin the desired culture within the Group
- overseeing the development and implementation of, and regularly reviewing, the Group's frameworks for:
  - diversity and inclusion
  - whistleblower protection
  - anti-bribery and corruption
  - anti-money laundering
- whenever required, challenging Management and holding it to account

### Leadership, Performance and Remuneration

- demonstrating leadership in the development, implementation and monitoring of strategic operational and financial objectives of the Group
- appointing and replacing the Managing Director & Chief Executive Officer (**MD&CEO**) and Company Secretary
- approving the appointment and, where appropriate, replacement of members of the Company's executive team members (**Group Executives**)
- overseeing the MD&CEO, Group Executives and senior leaders' (together, Management's) implementation of the Group's strategic objectives, instilling of the Values and performance generally, and ensuring appropriate resources are available to Management
- contributing to and approving Management's development of corporate strategy and performance objectives
- appointing the Chair and, if the Chair is a non-independent director, a "senior independent director" which failing such appointment of a senior independent director shall be the Chair of the Audit & Risk Management Committee
- satisfying itself that an appropriate framework exists for relevant information to be reported by Management to the Board
- setting and monitoring a remuneration framework for Directors and Group Executives, and ensuring appropriate accountability
- satisfying itself that the Company's remuneration policies are aligned with its purpose, Values, strategic objectives and risk appetite

### Reporting, Risk and Disclosure

- approving and monitoring the Group's operating budgets

- approving and monitoring the progress of major capital expenditure, capital management activities and acquisitions and divestitures
- approving and monitoring financial, ESG and other reporting systems of the Group (including external audit) and ensuring the integrity of these systems
- appointing and liaising with the Company's external auditors
- 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 Group's risk management framework and ensuring appropriate controls are implemented

#### **Governance**

- monitoring the effectiveness of the Group's governance practices
- ensuring compliance with the ASX Listing Rules, NZX Listing Rules, workplace health and safety regulations, consumer and privacy laws, and all other relevant laws
- determining the size and composition of the Board and implementing appropriate strategies to monitor performance of the Board
- appointing and overseeing committees assist in implementing the Board's functions and powers.

### **3. COMMITTEES**

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

- Audit & Risk Management Committee (**ARMC**)
- People Development & Remuneration Committee (**PDRC**).

The responsibilities and powers delegated to each committee are set out in the committee charter approved by the Board. Each committee reports regularly to the Board.

Although the Board may delegate powers and responsibilities to committees, the Board retains ultimate accountability for discharging its duties.

The Board may establish other committees as and when required.

### **4. STRUCTURE OF BOARD AND INDEPENDENCE**

The composition, structure and proceedings of the Board is determined by the Board, subject to the Company's Constitution and the *Corporations Act 2001* (Cth).

It is the Board's policy that it will be comprised of a majority of independent directors. The Board aims to be comprised of directors with a broad range of skills, expertise, and experience from a diverse range of backgrounds that is appropriate to the Company and its strategy.

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

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- within the last three years has not been employed in an executive capacity by the Company or a related body corporate
- within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company or its related bodies corporate

- within the last three years has not been in a material business relationship (by example, as a supplier or customer) with the Company or its related bodies corporate, or an officer of, or otherwise associated with, someone in such a relationship
- has no material contractual relationship with the Company or its related bodies corporate 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 the Company or otherwise compromise their independence.

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

## 5. DIRECTORS' RESPONSIBILITIES

Each director must comply with their statutory and common law duties as directors of the Company. In addition to those duties, each director will:

- conduct their duties with honesty and integrity and observe the highest standards of ethical behaviour
- disclose to the Board any material personal interest that the director, or any associates of the director, may have in a matter that relates to the affairs of the Group;
- disclose to the Board any interest or relationship that may affect the director's independence;
- ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Group's interests
- make a reasonable effort to become and remain familiar with the affairs of the Group and the industries in which it operates
- actively engage in the conduct of Board matters and meetings
- attend all Board meetings, and committee meetings where appointed, and Board functions unless there are valid reasons for non-attendance

Each director is bound by the Company's charters and policies including the Code of Conduct and Trading Policy.

## 6. CHAIR

The Chair will:

- chair Board meetings
- establish the agenda for Board meetings, in consultation with the directors and the Company Secretary
- chair meetings of shareholders, including the Annual General Meeting.

The Chair is responsible for:

- leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all directors in relation to issues arising at Board meetings
- facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the Board and Management
- promoting a constructive governance culture among the Board and Management
- representing the Board to shareholders and communicating the Board's position
- overseeing the induction program of new directors

- arranging or conducting Board and director performance evaluations

## 7. MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER AND GROUP EXECUTIVES

The MD&CEO and Group Executives are responsible for running the day-to-day affairs of the Group under delegated authority from the Board, and to implement the policies and strategies set by the Board, within the risk appetite determined by the Board.

In carrying out their responsibilities, the MD&CEO and Group Executives must report to the Board in a timely manner on those activities and ensure that all reports to the Board are clear and accurate, and in a form and of a quality required by the Board to enable it to discharge its duties.

## 8. COMPANY SECRETARY

The role of the Company Secretary is to support the effectiveness of the Board and its committees. In carrying out their responsibilities, the Company Secretary is accountable directly to the Board in the performance of this role which includes, without limitation:

- facilitating corporate governance processes and the proper functioning of the Board, by:
  - coordinating meeting agendas, papers and preparing minutes
  - ensuring timely communications and filings with corporate regulatory bodies
  - monitoring compliance with Board and committee policies and procedures
  - assisting to organise and facilitate the induction and professional development of directors
- advising the Board and the Committees on governance matters.

Each director is entitled to access the advice and services of the Company Secretary.

## 9. INDUCTION OF NEW DIRECTORS AND ONGOING DIRECTOR EDUCATION

On their first appointment, directors will have the benefit of an induction program aimed at deepening their understanding of the Group, its activities and the business, environment and markets in which the Group operates. As part of the program directors will receive essential Board and Group information, briefings by Management and the opportunity to visit the Group's premises and operations.

The Board will consider the need for director education from time to time, ensure that director education occurs regularly and that the Directors are provided the opportunity to undertake professional development education to effectively perform their role as director.

Directors are also expected to keep themselves abreast of changes and trends in the Group's business, environment and markets and to keep themselves informed of changes and trends in the economic, political, social and legal climate generally. Directors are expected to have an appropriate base level of understanding on accounting matters.

Directors are each expected to visit the Group's retail outlets on a periodic basis and engage with retail team members to understand the Group's retail systems and formats.

## 10. INDEPENDENT ADVICE

A director may seek independent advice, including legal advice, where he or she believes it is necessary to properly discharge their duties as a director. The Company will pay for the reasonable cost of this advice provided that the director has obtained the prior written approval of the Chair (including for the cost of the advice).

**11. SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNER**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next AGM of the Company.

The Audit & Risk Management Committee will review the performance of the external auditor on an annual basis.

**12. REVIEW OF CHARTER**

This charter will be reviewed by the Board at least annually.