

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Michael Hill International Limited

ABN / ARBN:

25 610 937 598

Financial year ended:

28 June 2020

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: investor.michaelhill.com

The Corporate Governance Statement is accurate and up to date as at 16 September 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 16 September 2020

Name of Director or Secretary authorising lodgement: Emily Bird, Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Board & Committee Charters at investor.michaelhill.com <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input checked="" type="checkbox"/> in our Notices of AGM at investor.michaelhill.com (2020 notice available from September 2020)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> in the Remuneration Report contained in our 2020 Annual Report at investor.michaelhill.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> in our Board & Committee Charters at investor.michaelhill.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> on our Investor Relations Centre at investor.michaelhill.com</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Remuneration Report contained in our 2020 Annual Report at investor.michaelhill.com</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input checked="" type="checkbox"/> in the Directors' Report contained in our 2020 Annual Report at investor.michaelhill.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input checked="" type="checkbox"/> on our Investor Relations Centre at investor.michaelhill.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in our Board & Committee Charters at investor.michaelhill.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> in the Directors' Report contained in our 2020 Annual Report at investor.michaelhill.com</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input checked="" type="checkbox"/> in our Notices of AGM at investor.michaelhill.com (2020 notice available from September 2020)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> in our Corporate Ethics Policy at investor.michaelhill.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at investor.michaelhill.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in our Board & Committee Charters at investor.michaelhill.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Directors' Report contained in our 2020 Annual Report at investor.michaelhill.com</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> in our 2020 Annual Report at investor.michaelhill.com</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in our Board & Committee Charters at investor.michaelhill.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Directors' Report contained in our 2020 Annual Report at investor.michaelhill.com</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> in the Remuneration Report contained in our 2020 Annual Report at investor.michaelhill.com</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> in our Trading Policy at investor.michaelhill.com</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Statement 2020

michael hill[®]
INTERNATIONAL LIMITED

Corporate Governance Statement

Michael Hill International Limited ('Michael Hill') and its board of directors ('Directors' or 'Board') and its subsidiaries (together the 'Group') are committed to achieving and demonstrating high standards of corporate governance. Michael Hill has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council ('ASX Principles and Recommendations'). Michael Hill's next corporate governance statement will review its corporate governance practices against the 4th edition of the ASX Principles and Recommendations.

This Corporate Governance Statement is dated as at 28 June 2020 and reflects the corporate governance practices of the Group in place through the 2019/2020 financial year. References throughout this statement to "the year" refer to Michael Hill's 2019/2020 financial year which ended on 28 June 2020.

This Corporate Governance Statement was approved by the Board on 16 September 2020. Policies and Charters referred to in this document can be viewed at Michael Hill's Investor Relations Centre website which is located at investor.michaelhill.com.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 ROLE OF THE BOARD AND MANAGEMENT

The relationship between the Board and Group Executives is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and long term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

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

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives
- overseeing and monitoring:
 - » organisational performance and the achievement of the Group's strategic goals and objectives
 - » compliance with Michael Hill's Corporate Ethics Policy & Code of Conduct (refer to Principle 3)
 - » progress in relation to Michael Hill's diversity objectives and compliance with its Diversity and Inclusion Policy
 - » progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments

- monitoring financial performance including approval of the annual and half-year financial reports and liaison with Michael Hill's auditors
- appointment, performance assessment and, if necessary, removal of Michael Hill's Chief Executive Officer ('CEO')
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the Group's Executive Team
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- overseeing the operation of the Group's system for compliance and risk management framework
- ensuring appropriate resources are available to Group Executives and the senior management team.

Day to day management of the Group's affairs and the implementation of the corporate strategy, policy initiatives and budgets are formally delegated by the Board to the CEO and Group Executives. The CEO and Group Executives are accountable to the Board and provide information to the Board on those activities, in a form and of a quality required by the Board to enable it to discharge its duties.

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

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

More information on these committees can be found at items 4.1, 7.1 and 8.1 of this Corporate Governance Statement.

The Board generally meets six times formally per year and receives trading updates by videoconference in months where no formal Board

meeting is held. However, this year the Board met formally 16 times to appropriately respond to the COVID-19 global public health crisis. The number of meetings held by the Board and its committees, and attendances, is detailed in the Directors' Report section of the Annual Report.

1.2 ELECTION AND RE-ELECTION OF DIRECTOR CANDIDATES

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

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

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

1.3 WRITTEN CONTRACTS OF APPOINTMENT

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

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

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

1.4 COMPANY SECRETARY

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

and filings with corporate regulatory bodies. Each Director is entitled to access the advice and services of Michael Hill's company secretaries.

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

1.5 DIVERSITY

Michael Hill values diversity and inclusion and recognises the benefits it can bring to its ability to achieve its goals. Accordingly, Michael Hill has developed a Diversity and Inclusion Policy, which is available on the Investor Relations Centre website. This policy outlines Michael Hill's commitment to fostering a diverse and inclusive workplace and includes requirements for the Board to establish measurable objectives for achieving diversity and to review annually both the objectives, and Michael Hill's progress in achieving them. Michael Hill believes its commitment to diversity and inclusion enriches our perspective, fuels innovation, drives performance and engagement and connects team members, customers, shareholders and the communities within which it operates.

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

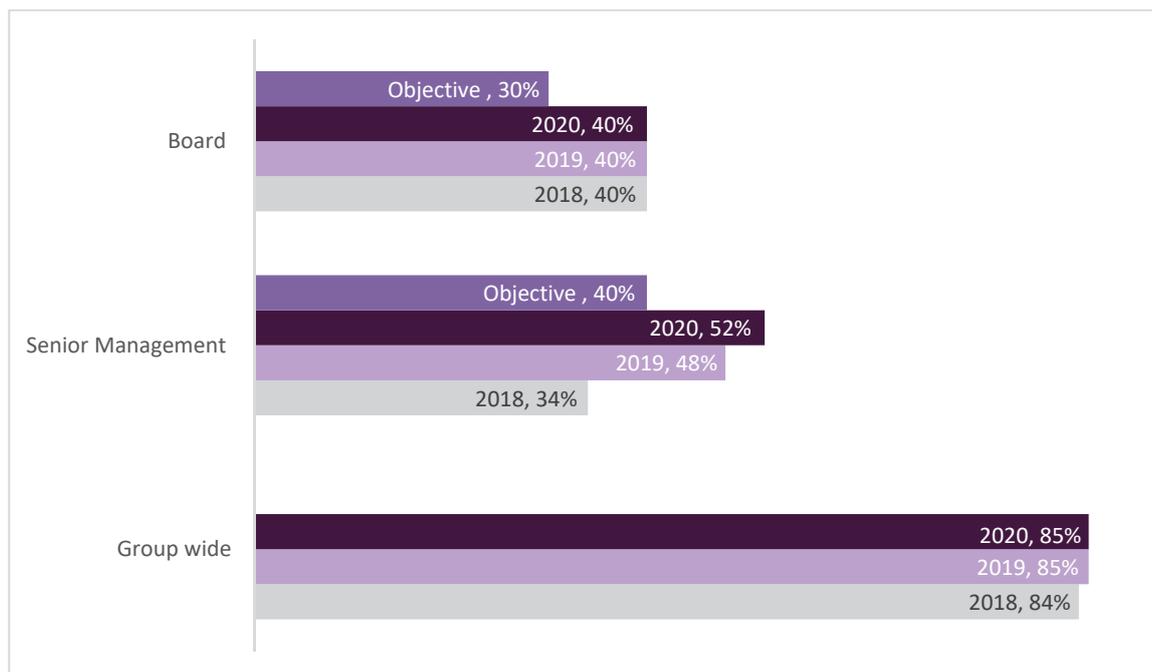
- 30% females on the Board
- female/male ratio in senior management roles (which include the CEO, Executive Team, regional management and support centre senior leadership) of 40%:60%.
- there is no set objective for female representation Group wide due to the consistently high representation of females in our workforce.

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

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

The outcomes and a comparison of Michael Hill's results against its measurable objectives are set out below and illustrates Michael Hill's progress towards

achieving its objectives as at the end of the past three years:



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

Michael Hill's 2020 report to the Workplace Gender Equality Agency is available on the Investor Relations Centre website.

1.6 BOARD REVIEWS

A performance review is undertaken annually in relation to the Board and the Board committees. In 2019, Michael Hill engaged an external consultant experienced in Board reviews to conduct a review of the Board and its Committees and the effectiveness of the Board as a whole, and an action plan was developed to improve Board and Group Executive functions and effectiveness. During the year the Board commenced implementing that action plan.

1.7 MANAGEMENT REVIEWS

Each year the Board, through the PDRC, sets financial, operational, management and individual targets for the CEO and Group Executives. During the year, performance against these targets was assessed periodically and a formal performance evaluation for Group Executives was completed after the end of each half financial year. Details of the process followed are set out in the Remuneration Report contained in Michael Hill's Annual Report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

2.1 NOMINATIONS COMMITTEE

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

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

2.2 BOARD SKILLS MATRIX

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

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

The Board considers that each Director has these attributes.

The Board has identified the skill areas listed in the table below as providing strong foundations needed

within the Board to carry out its management and oversight of Michael Hill, in the context of the retail sector and the challenges it represents. The Board recognises that each Director will not necessarily possess experience in all areas relevant to Michael Hill's operations, so seeks to ensure that its membership includes an appropriate collective mix of

Directors with skills, knowledge and experience in these areas. Where the Board requires expertise in other areas, it seeks that expertise within the Group and externally where appropriate. A summary of the Board's skill areas, knowledge and experience is set out below:

Skill area
<p>Retail sector</p> <p>Experience in retail industry, including an in-depth knowledge of store operations, merchandising, product development, exporting, logistics and customer strategy</p>
<p>eCommerce and digital</p> <p>Senior executive experience in consumer and brand marketing in eCommerce and digital media to create a frictionless customer experience</p>
<p>Marketing and branding</p> <p>Ability to contribute to strategic positioning, marketing and promotion</p>
<p>Strategic thinking</p> <p>Ability to think strategically, identify and critically assess opportunities/threats, and development and/or implementation of effective and innovative enterprise-wide strategy</p>
<p>High level of business acumen</p> <p>Strong commercial expertise and experience working as a senior executive</p>
<p>Financial acumen</p> <p>Detailed understanding of key financial drivers, financial accounting and reporting, corporate finance, and internal financial controls. Ability to analyse financial statements, critically assess investment proposals, contribute to financial planning, oversee budgets, oversee funding/banking arrangements</p>
<p>International business development</p> <p>A broad range of business experience in international markets. Ability to assess opportunities for the Company's continued growth outside Australia, create plans for the future and have a general knowledge of risks of operating in foreign countries</p>
<p>Experience in the countries in which the Company conducts its business</p> <p>Australia, New Zealand and Canada</p>
<p>People and culture</p> <p>Experience overseeing or implementing a company's culture and people management framework, including succession planning to develop talent, culture and identity. Board or senior executive experience in applying remuneration policy and framework, including linking remuneration to strategy and performance, and the legislative and contractual framework governing remuneration</p>
<p>Governance and risk management experience and expertise</p> <p>Knowledge and experience in corporate governance and risk management frameworks, and ability to use expertise to ensure good governance of the Company</p>
<p>Supply chain and procurement management</p> <p>Experience in managing or overseeing the operations of supply chains and distribution models and procurement in the retail industry</p>

1.3 DISCLOSE INDEPENDENCE AND LENGTH OF SERVICE

The Board comprises five non-executive Directors (including the Chair). The relevant matters of independence and the period of service of each Director are set out in the table below.

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

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

Michael Hill International Limited

Name	Independent Yes/No	Period of service as director of Michael Hill International Limited	Period of service as a director of Michael Hill New Zealand Limited (the Michael Hill entity previously listed on the NZX)
Emma Hill (Chair)	No – substantial shareholder and close family ties with Sir Richard Michael Hill	9 June 2016 - current	22 February 2007 - current
Sir Michael Hill	No – substantial shareholder and close family ties with Emma Jane Hill	9 June 2016 – current	30 March 1990 – 29 June 2016
Gary Smith	Yes	24 February 2016 – current	2 November 2012 – 5 August 2016
Rob Fyfe	Yes	9 June 2016 – current	6 January 2014 – 6 August 2016
Janine Allis	Yes	9 June 2016 - current	Not applicable

2.4 MAJORITY OF DIRECTORS INDEPENDENT

The majority of the Directors are independent.

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

- is not a substantial shareholder of Michael Hill or an officer of, or otherwise associated directly with, a substantial shareholder of Michael Hill
- within the last three years has not been employed in an executive capacity by Michael Hill or another Group member
- within the last three years has not been a partner, director or senior employee of a provider of material professional services to Michael Hill or another Group member
- within the last three years has not been in a material business relationship (by example, as a supplier or customer) with Michael Hill or other Group member, or an officer of, or otherwise associated with, an entity or person in such a relationship
- has no material contractual relationship with Michael Hill or another Group member other than as a Director
- does not have close family ties with any person who falls within any of the categories described above
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Michael Hill or otherwise compromise their independence.

When considering whether a Director is an independent Director, the Board assesses the materiality of such interest, position, association or relationship to determine whether it might influence, or

might reasonably be perceived to influence, in a material respect, that Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Michael Hill and its shareholders.

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

2.5 INDEPENDENT CHAIR

The Chair of the Board is Emma Hill, a non-independent Director. Ms Hill has a comprehensive understanding of the Group and its business through several years of executive and non-executive experience with the business. The Board continues to consider that Ms Hill is the most appropriate candidate for the role of Chair. Given that the Board is composed by a majority of independent Directors, it is considered that governance will not be adversely affected by there being a non-independent Chair. Ms Hill is not employed by Michael Hill in an executive capacity.

2.6 INDUCTION AND PROFESSIONAL DEVELOPMENT

The induction provided to new Directors and Group Executives enables them to actively participate in Board and executive decision-making as soon as possible. It ensures that they have a full understanding of Michael Hill's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and Group Executives, the role of the Board committees and Michael Hill's meeting arrangements. Prospective Board members undertake a formal induction process which involves meeting each Director and Group Executive, store visits, manufacturing/design studio

and distribution centre tours. A prospective Board member must attend 3 Board meetings prior to being offered a director position and the Board considers this a very valuable component of the induction process.

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

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

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

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

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

3.1 CODE OF CONDUCT

The Board has established a Corporate Ethics Policy & Code of Conduct, and a Trading Policy for its Directors, senior executives and employees, which are available on the Investor Relations Centre website. They are summarised below:

Ethical standards

Michael Hill is committed to the establishment and maintenance of appropriate ethical standards. Accordingly, Michael Hill has adopted a Corporate Ethics Policy & Code of Conduct ('Code').

The Code sets out the obligations of integrity and honesty on each Director and their obligations with respect to trading in securities in Michael Hill (which is addressed further in the Trading Policy) and disclosure to the Australian Securities Exchange ('ASX') and the New Zealand Stock Exchange ('NZX').

The Code establishes the principles, standards and responsibilities to which Michael Hill is committed with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large. In summary, the Code requires that at all times all Michael Hill personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Michael Hill policies. The Code also requires employees, Directors and contractors who are aware of unethical practices within the Group or breaches of the Code to report these to management (which can be done anonymously in accordance with Michael Hill's Whistleblower Policy).

Share trading policy

Michael Hill has adopted a Trading Policy which is intended to ensure that persons who are discharging managerial responsibilities (including but not limited to Directors), do not misuse, and do not place themselves under suspicion of misusing, inside information that they may be thought to have, especially in periods leading up to an announcement of Michael Hill on the ASX.

The Trading Policy sets out the procedure for trading in securities of Michael Hill, and prohibits insider trading. The policy aims to provide Directors and employees and any other persons who may be associated with Michael Hill, with guidance on how and when trades in Michael Hill's securities may take place and when trading is strictly prohibited.

Under the terms of the Trading Policy, a 'Restricted Person' (as defined in the Trading Policy) must not deal in securities of Michael Hill unless a clearance to deal is obtained in accordance with the Trading Policy or the dealing is a Permitted Dealing (as defined in the Trading Policy). Further, a Restricted Person must not deal in securities of Michael Hill if such a dealing would involve:

- use of inside information
- short-term selling
- short selling, or
- hedging transactions.

The Trading Policy provides particular disclosure and approval requirements for the dealing in Michael Hill's securities by the Directors, Chair, CEO and Company Secretary, and also sets out Michael Hill's policy on margin loan arrangements (which are permitted under the policy but must be disclosed to the Board through a clearance officer). Training is periodically provided to appropriate employees, and regular communications are sent to relevant employees notifying them of blackout periods under the policy and includes reminders of their main obligations under the policy.

A copy of the Code and the Trading Policy are available on the Investor Relations Centre website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 AUDIT COMMITTEE

The Audit & Risk Management Committee (ARMC) consists of the following independent non-executive Directors:

- » Gary Smith (Chair)
- » Rob Fyfe
- » Janine Allis.

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

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

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

The ARMC is responsible for:

- reviewing and making recommendations to the Board in relation to the adequacy of Michael Hill's processes for managing risks and developing an appropriate risk management policy framework to provide guidance to Michael Hill's management
- reviewing and making recommendations to the Board in relation to whether Michael Hill's financial statements reflect a true and fair view of the financial position and performance of the company.

Particularly, the ARMC's core responsibilities include:

- reviewing Michael Hill's internal financial control system and financial statements for accuracy and compliance with appropriate accounting practices
- monitoring and reviewing Michael Hill's internal audit function and ensuring compliance in this regard with the relevant regulatory frameworks
- monitoring corporate conduct and business ethics and ongoing compliance with laws and regulations
- reviewing matters of significance affecting the financial welfare of Michael Hill
- reviewing material company policies relevant to the operations of Michael Hill
- ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate
- defining and periodically reviewing risk management as it applies to Michael Hill and ensuring the appropriate disclosure of any relevant risks to the market.

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

- received regular reports from management and the internal and the external auditors and status of remediation actions agreed by management
- met with the internal and external auditors four times during ARMC meetings
- reviewed the processes the CEO and CFO had in place to support their certifications to the Board
- reviewed any significant disagreements between the auditors and management, irrespective of whether they had been resolved
- met separately with the external auditors twice without the presence of management.

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

The ARMC has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. In addition to the ARMC members, the CEO, CFO, Group Internal &

Risk Audit Manager, Group Financial Controller, Group Tax Manager, external auditors and company secretaries were regular attendees at ARMC meeting throughout the year.

4.2 CEO AND CFO CERTIFICATION OF FINANCIAL STATEMENTS

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

4.3 EXTERNAL AUDITOR AT AGM

The Group's external audit function is performed by Ernst & Young ('EY'). Alison de Groot, Partner at EY, attended Michael Hill's AGM and was available to answer shareholder questions regarding the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 DISCLOSURE AND COMMUNICATIONS POLICY

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

Michael Hill has also established guidelines to assist officers and employees of Michael Hill to comply with Michael Hill's disclosure and communications requirements. These guidelines are set out in Michael Hill's Corporate Ethics Policy, which is available on the Investor Relations Centre website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1 INFORMATION ON WEBSITE

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

Michael Hill's Investor Relations Centre website is located at investor.michaelhill.com.

6.2 INVESTOR RELATIONS PROGRAM

Michael Hill conducts regular briefings including interim and full year results announcements, investor days, site visits and attends regional and industry specific conferences in order to facilitate effective two-way communication with investors and other financial market participants. Access to executive and operational management is provided at these events, with separate one-on-one or group meetings offered whenever possible and appropriate.

6.3 FACILITATE PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

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

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

6.4 FACILITATE ELECTRONIC COMMUNICATIONS

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 RISK COMMITTEE

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

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

7.2 ANNUAL RISK REVIEW

The ARMC undertook a comprehensive review and updates to the Group's risk management framework, including its internal audit and risk management functions, during the FY19 financial year and is satisfied that its risk management framework is sound for Michael Hill.

7.3 INTERNAL AUDIT

Michael Hill has an internal audit function that operates under a Board-approved Internal Audit Charter.

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

In FY19, a comprehensive review of Michael Hill's internal audit and risk management functions was undertaken, resulting in changes to the functions and areas of focus. These were approved by the ARMC. The new structure has been implemented and the ensuing reporting is provided to every ARMC meeting.

7.4 SUSTAINABILITY RISKS

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

Michael Hill has continued working to address its material sustainability issues and improve its sustainable business practices and to this end has obtained certification from the Responsible Jewellery Council until 2022, when recertification is required.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 REMUNERATION COMMITTEE

The PDRC consists of the following non-executive Directors (a majority of whom are independent, including the chair):

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

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

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

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

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

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

The PDRC also reviews and determines the Group's remuneration policy and structure annually, including the performance goals and measures for the CEO and Group Executive team, to ensure it remains aligned to business needs and meets the Group's remuneration principles, strategic and operating plan.

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

8.2 DISCLOSURE OF EXECUTIVE AND NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

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

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

Performance linked compensation includes both short term ('STI') and long term ('LTI') incentives and is designed to reward Group Executives for meeting or exceeding their financial and personal objectives. The STI is an 'at risk' bonus provided in the form of cash, while the LTI is provided as rights over ordinary shares of Michael Hill under the rules of the executive incentive plan. In response to the global pandemic market conditions impacting Michael Hill, the STI and LTI incentive programs for all Group Executives, including KMP, were suspended from 1 April 2020 for the financial year. Further details on this year's STI and LTI arrangements for Group Executives are set out in the Remuneration Report section of the Annual Report.

Non-executive Directors are paid fixed fees for their services in accordance with Michael Hill's Constitution. Fees paid are a composite fee, covering all Board and Committee responsibilities as well as any contributions by Michael Hill to a fund for the purposes of superannuation benefits for a Director. No other retirement benefit schemes are in place in respect to non-executive Directors. In response to the COVID-19 global pandemic market conditions impacting the Company in the 2020 financial year, all fees paid to non-executive Directors were reduced by 50% for the period from 1 April 2020 to 30 June 2020.

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



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