



Board Charter and Relationship With Management

Myer Holdings Limited

119 085 602

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1 Introduction

The Board of the Company has adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- Board composition and process;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board Charter and the Charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

The Board will review and assess the adequacy of this Charter and the Committee Charters at least annually and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current law and best practice.

2 Board composition

2.1 Board composition and size

- The Board is appointed by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- The Board, together with the Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution.
- It is intended that the Board will comprise:
 - a majority of independent Non-executive Directors; and
 - Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- The Board, together with the Nomination Committee, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

2.2 Director independence

The Board will consider and conclude on the independence of its Non-executive Directors at least once per year. The results of this review will be minuted in the minutes of the relevant Board meeting and disclosed in the Company's annual report. In this regard, each Non-executive Director will provide the Board with all relevant information to enable the Board to make an assessment of that Director's independence.

- The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. As a guideline for determining independence, the Board has regard to the relationships set out in Box 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

2.3 Tenure

- The Board recognises the importance of undergoing a regular process of renewal via changes in its membership. Consistent with this, generally the Board will not recommend a Director standing for re-election after they have already served a total period of 9 years or longer. However, the Board also recognises that there may be a proper basis to recommend a Director's reappointment after they have already served for 9 years or longer in some circumstances, including where the Director has been appointed as the Chair of the Board.

3 Board role and responsibilities

3.1 Board role

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

3.2 Board key responsibilities

The responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning the succession of, the Chief Executive Officer (**CEO**);

- on recommendation of the CEO, selecting, appointing and reviewing the performance and remuneration of the CFO and other senior executives;
- setting the remuneration policy for the Company, within which the CEO has authority to operate, and approval of any remuneration arrangements which fall outside the scope of that remuneration policy;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting, including the external audit;
- overseeing the Company's process for making timely and balanced disclosure;
- developing and reviewing corporate governance principles and policies;
- in respect of ethical sourcing:
 - approving and reviewing the Company's ethical sourcing policy; and
 - reviewing and monitoring ethical sourcing risks.
- in respect of diversity:
 - approving and reviewing the Company's diversity policy; and
 - establishing measurable objectives for achieving diversity across the group, and annually assessing both the objectives and progress in achieving them; and
- performing such other functions as are prescribed by law or are assigned to the Board.

3.3 Reserved authorities

Matters which are specifically reserved for the Board or its Committees include:

- appointment of a Chair;
- appointment and removal of the CEO;
- appointment and removal of the CFO;

- appointment and removal of the Company Secretary;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board Committees, their membership and delegated authorities;
- appointment, re-appointment or removal of the Company's external auditors (on the recommendation of the Audit, Finance and Risk Committee);
- approval of dividends;
- approval of half-year end and year-end financial statement;
- approval of strategic plan and budget, at least annually;
- significant changes to organisational structure;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- land and building leases valued in excess of \$2 million per annum;
- major financing facilities;
- calling of meetings of shareholders;
- determining the form and operation of the Company's various equity plans;
- determination of the Company's hedging policy; and
- any other specific matters nominated by the Board from time to time.

3.4 Directors

- Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair, or the Board as a whole.

3.5 Shareholding policy for non-executive directors

Each non-executive director will target the purchase of a shareholding in the Company that, as at the date of the last purchase, is equivalent to at least one year's non-executive director's base fees over the following periods:

- progressively over 3 years from the date of their appointment (for new directors); or

- within 3 years from the date of inclusion of this paragraph in this Charter (for existing directors).

Direct and indirect holdings both count towards the target shareholding.

Share purchases must be made in accordance with the Company's Securities Dealing Policy.

4 Delegation of duties and powers

4.1 Relationship with management

- Directors may delegate their powers as they consider it appropriate. However, ultimate responsibility for strategy and control rests with the Directors.
- Management are accountable to the Board.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

4.2 Role of the CEO

- The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO).
- The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- The CEO is responsible for implementing strategic objectives, plans and budgets approved by the Board.

4.3 Delegation to Committees

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.
- The powers delegated to these Committees are set out in Board resolutions.

5 Board process

5.1 Meetings

- The Board will meet regularly and intends to meet ten times each year.
- Periodically, Non-executive Directors will meet without Executive Directors or management present.

- Directors will use all reasonable endeavours to attend Board meetings in person.
- The Company's Constitution governs the regulation of Board meetings and proceedings including the quorum for a Board meeting which is 2 Directors.

5.2 The Chair

- The Board will appoint one of its members to be Chair.
- The Chair should be an independent Non-executive Director.
- The Chair represents the Board to the shareholders and communicates the Board's position.
- The Chair will:
 - chair meetings of the Board and of members, including the Annual General Meeting;
 - ensure the Board's decisions have been implemented;
 - ensure that the Board fulfils its obligations under this Charter and as required under the relevant legislation;
 - provide appropriate leadership to the Board and Myer;
 - lead the Board to ensure it operates efficiently and effectively as a group; and
 - promote constructive and respectful relations between the Board and management.

5.3 The Company Secretary

- The Board will appoint at least one Company Secretary.
- The Company Secretary is accountable to the Board.
- The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- The Company Secretary will:
 - advise the Board and the Committees on governance matters;
 - monitor that the Board and Committee policies and procedures are followed;
 - ensure that the business at meetings of the Board and the Committees is accurately reflected in the minutes; and
 - assist with the organisation of induction and continuing education programs for Directors.
- All Directors will have direct access to the Company Secretary.

5.4 Performance assessment

The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board will review and evaluate:

- its own performance, including against the requirements of this Charter;
- the performance of its Committees; and
- the performance of individual Directors,

on an annual basis against both measurable and qualitative indicators.

The Chair and the Company Secretary will work together to ensure that the performance assessment of the Board in the manner described above is formalised and a review is undertaken on an annual basis.

6 Inconsistency with Constitution

To the extent that there is any inconsistency between this Charter or the Constitution, the Constitution will prevail.

Guidelines of the Board of Directors – Independence of Directors

Part 2 of the Company's Board Charter refers to the 'independence' of Directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors will be considered to be 'independent' if they are not members of management (a Non-executive Director) and they:

- are not a substantial shareholder of the Company, or officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- have not within the last 3 years been employed in an executive capacity by the Company or another group member;
- have not within the last 3 years been a partner, director or senior employee of a material professional adviser or a material consultant to the Company or another group member;
- are not a material supplier to, customer of or in any other material business relationship with the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer of the Company;
- have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- have no close family ties with any person who falls within any of the categories described above; and
- have not been a director of the Company or another group member for such a period that their independence has been compromised.

Materiality thresholds

The Board will consider thresholds of materiality for the purposes of determining 'independence' on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider an affiliation with a business that accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. Where this threshold is exceeded, the Board will review the materiality of the particular circumstance with respect to the independence of the particular Director.
- The Board will review any holding of 5% or more of the Company's shares, and will generally consider a holding of 10% or more of the Company's shares to be material.
- The Board will also undertake a qualitative assessment of independence, which is an overriding requirement for independence. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.