

BOARD DIVERSITY POLICY

Overview

The Company recognises the importance of having diversity in the composition of the Board, its senior executives and workforce generally and embraces the corporate benefits that it brings to an organisation in a competitive labour market and the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent.

The Company recognises diversity as an asset to the Company and a contributor to better overall performance, particularly in a competitive labour market.

The Company is committed to:

- (a) promoting an environment that embraces and promotes diversity and that is conducive of the appointment of well-qualified candidates to the Board, to senior executive roles and in the workforce of the Company generally;
- (b) equality of opportunity with merit-based selection and decision-making, and inclusion at all levels of the organisation, including the Board, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience;
- (c) an inclusive workplace where discrimination, harassment, vilification and victimisation cannot and will not be tolerated;
- (d) ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured to ensure equality of opportunity with merit-based selection and decision-making, and that a diverse range of candidates are considered and guarding against any conscious or unconscious biases that might discriminate against certain candidates; and
- (e) designing and implementing programs that will assist in the development of a broad and diverse pool of skilled and experienced employees and that, over time, will prepare them for senior management and board positions.

Purpose

The purpose of this policy is to achieve the following objectives:

- (a) the development of an inclusive workplace where there is an equality of opportunity with merit-based selection and decision-making, and everyone can excel regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience;
- (b) the recruitment and retention of a skilled, fit for purpose and diverse Board;
- (c) the continued development of fair and objective processes for the appointment to roles (including to the Board), based on equality of opportunity with merit-based selection and decision-making, ability, performance and potential;
- (d) the enhancement of a corporate culture that rewards people for furthering the objectives under this policy.

Measureable Objectives

The Board will set diversity related measurable objectives annually, with a view to progressing towards diversity in the composition of the Board, in senior executive roles and the workforce of the Company generally.

The measurable objectives established by the Board may involve:

- (a) the implementation of policies which address impediments to diversity in the composition of the Board as well as in relation to senior executive positions and in the workforce of the Company generally and/or the review of their availability and utilisation;
- (b) the monitoring of the effectiveness of existing initiatives designed to identify, support and develop diversity in the composition of the Board, as well as in senior executive positions and the workforce of the Company generally; and
- (c) the identification of new ways to entrench diversity as a priority of the Company.

Assessment of Measurable Objectives

The measurable objectives and the progress in achieving each measurable objective will be reviewed annually by the Nomination Committee. The Nomination Committee will report their assessment to the Board and make recommendations, where appropriate.

Composition of Board and senior executive roles

The Company is committed to providing a corporate culture which embraces diversity when determining the composition of the Board and senior executive roles, with the primary objective of ensuring equality of opportunity with merit-based selection and decision-making.

To promote the Company's objective of continuing to achieve diversity on the Board and in senior executive roles, as well as enhancing the Board's and senior executives' skill matrix, the Nomination Committee will ensure that:

- (a) the recruitment and selection process for appointments to the Board or senior executive roles is formal, transparent, fair, objective, free from discrimination and takes into account the Company's objectives in relation to diversity as set out in this policy (including where the Company engages an external recruitment agency to identify and assess candidates) and ensure equality of opportunity with merit-based selection and decision-making;
- (b) a short list identifying a diverse pool of qualified candidates for appointment to the Board or senior executive roles is submitted for consideration;
- (c) performance evaluations for each of the directors on the Board (including the Chief Executive Officer) and those in senior executive roles take into account the Company's progress towards achieving the measurable objectives set by the Board;
- (d) succession planning processes of the Company take into account the Company's objectives in relation to diversity set out in this policy; and
- (e) the Board will undertake diversity training to create an awareness of the benefits to the Company from having diversity in the composition of the Board, in senior executive roles and in the workforce of the Company generally.

Reporting Obligations

In accordance with the Nomination Committee Charter, the Nomination Committee will review and report annually to the Board on:

- (a) the appropriate mix of skills, experience, expertise and diversity required on the Board, in senior executive roles and in the workforce of the Company generally, and assess the extent to which the required skills are represented on the Board, in senior executive roles and in the workforce of the Company generally;
- (b) the Company's progress towards achieving the measurable objectives;
and make recommendations to the Board regarding:
- (c) this policy; and
- (d) strategies to address diversity in the composition of the Board, in senior executive roles and in the workforce of the Company generally.

Review

The Nomination Committee will conduct an annual review of this policy, make recommendations for improvements and changes, and ensure that any revisions to this policy are approved in accordance with this policy.

Internal Audit will, annually, review and assess the effectiveness of this policy.

Compliance Statement

Each Board member must be aware of this policy and comply with this policy while carrying out their duties and responsibilities as a member of the Board.

Policy review

This policy will be reviewed regularly and may be amended by the Company from time to time as approved by the Board.

Scope

This policy applies to the Board.

Policy Compliance

The Nomination Committee is responsible for implementing and monitoring the effectiveness of this policy.

Definitions

Board means the board of directors of the Company

Company means Harvey Norman Holdings Limited ACN 003 237 545

Internal Audit means all personnel and resources of the Company engaged in the internal audit function of the Company.

Nomination Committee means the nomination committee of the Company, being a sub-committee of the Board.

Policy Owner	Board of Directors
Document Control	Version 1.0 2019