



KMD BRANDS

Corporate Governance  
Statement  
**2024**

**KMD**

# Corporate Governance Statement

The Board and management of KMD Brands Limited (the “Company”) and its related companies (“the Group”) are committed to adhering to best practice governance principles and maintaining the highest ethical standards. The Board is responsible for the overall governance of the Group, including adopting the appropriate policies and procedures and guiding Directors, management, and employees of the Group’s businesses to fulfil their functions effectively and responsibly.

The Company regularly examines its governance arrangements against national and international standards. The Company has developed its corporate governance policies and practices in line with the principles and recommendations set out in the New Zealand Stock Exchange (“NZX”) Corporate Governance Code 1 April 2023 (“NZX Code”) and Listing Rules (“NZX Listing Rules”).

This Corporate Governance Statement details the Company’s key corporate governance arrangements. Our disclosures below also include disclosures under the Global Reporting Initiative (“GRI”) Universal Standards. For the duration of the reporting period, the Company has followed the recommendations set out in the NZX Code where appropriate, having regard to the size of the Group and the Board, the resources available and the activities of the Group’s businesses. After due consideration, the Board notes that the Company’s corporate governance practices during the reporting period only vary significantly from the recommendations set out in the updated NZX Code in relation to Recommendation 2.5. This recommends that an organisation must state a specified period for the measurable objects for achieving gender diversity in relation to the composition of its board. Information about the Company’s approach in these areas is separately identified in this Corporate Governance Statement.

The Company’s relevant charters and policies are available in the “Governance” section of the Company’s Investor Website at [www.kmdbrands.com/corporate-governance](http://www.kmdbrands.com/corporate-governance).

The information in this Corporate Governance Statement is provided as at 31 July 2024 (except where otherwise specified). This Corporate Governance Statement has been approved by the Board.

## PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

The Company is committed to fostering a culture of best practice and ethical behaviour and therefore expects the members of its Board and all employees to act in accordance with the Company’s values, policies and legal obligations. All Directors and employees joining the Group are provided with information and training on the Group’s values and the following policies. Updates and refreshers are provided on a regular basis.

### Code of Ethics

The Board is committed to the highest standards of ethical corporate practice and business conduct. The Board has a formal Code of Ethics, to be followed by all Directors and employees, which provides a guide for both behaviour and decision making, reflecting the values of the Group. Any material breaches of the Code of Ethics are reported to the Board.

The key aspects of the Code of Ethics are to:

- act with openness, fairness and integrity including full and prompt disclosure of any conflicts of interest;
- consider the impacts of decisions on wider stakeholders;
- operate with diligence and carry out responsibilities to the highest standard;
- act ethically, responsibly and to comply with the law;
- be accountable for acts and decisions; and
- speak up if aware of conduct that may be a breach of the Code of Ethics.

Training on the Code of Ethics was last provided to all employees in Australia, New Zealand, USA and Canada in November 2023; 61% of employees completed training during the current reporting period.

The Group maintains a formal Whistleblowing Policy recognising that the protection of whistleblowers is integral to fostering transparency, promoting integrity and detecting misconduct. The best way to fulfil this commitment is to create an environment in which employees who have genuine concerns about improper conduct, unacceptable behaviour or wrongdoing feel safe to report it without fear of reprisal.

Our Whistleblowing Policy outlines the mechanisms available to raise concerns about the organisation's business conduct including reporting to the designated Whistleblower Protection Officer or to KMD Brands' external and independent Whistleblower hotline.

Any material incidents are required to be communicated to the Board throughout the year. In the current reporting period, no critical concerns were required to be communicated to the Board.

### Securities Trading Policy

The Company has a formal Securities Trading Policy that outlines how Directors and employees are to deal in the Company's securities. This policy provides transparent expectations and requirements. The Securities Trading Policy is not designed to prohibit Directors and employees from investing in the Company's securities but recognises that there are times when Directors or employees cannot, or should not, deal in those securities.

In addition to the overriding restriction that persons may not deal in the Company's securities while they are in possession of non-public material information, all Company personnel are not permitted to deal in securities during certain 'blackout periods'. Blackout periods are set eight weeks prior to release of the Company's half-year and full-year balance date, until the first trading day after the release of the half and full year results announcements.

Directors and senior executives must always receive clearance from the Chairperson of the Board before any proposed dealing in Company securities. Where a Director or senior executive is subject to exceptional circumstances (such as severe financial hardship), written approval may be granted by the independent Directors for the disposal of Company securities during a blackout period, provided the individual concerned is not in possession of any non-public material information.

The Securities Trading Policy prohibits Directors, senior executives, key management personnel and all other employees from entering into hedging or other arrangements that have the effect of limiting the economic risk in connection with unvested securities issued pursuant to any employee option or share plan.

## PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

### Roles and responsibilities

The Board is responsible for the overall supervision and governance of the Group. A framework for the effective operation of the Board is set out in the Board Charter, which includes the following responsibilities:

- the long-term growth and profitability of the Company;
- developing the strategic and financial objectives for the Company, including those related to sustainable development;
- monitoring management's implementation of key policies, strategies and financial objectives;
- directing, monitoring and assessing the Company's performance against strategic business plans;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- identifying the principal risks of the Company's business;
- reviewing and ratifying the Company's systems of internal compliance and control, risk management, legal compliance, corporate governance practices, financial and other reporting;
- appointing and removing the Group Chief Executive Officer ("CEO");
- ratifying the appointment, and where appropriate, the removal of the senior executives of the Group;
- approving the remuneration framework for the Group; and
- monitoring and reviewing Board succession planning.

The Board is ultimately responsible for overseeing the processes to identify and manage the Group's impacts on the economy, environment and people, and has appointed the Group CEO to direct the day-to-day management of Group operations and engage with stakeholders to support these processes. Each of the Group executive team members has been delegated specific areas of responsibility for managing these impacts across the businesses' operations. This includes: the Chief Legal & ESG Officer, who is responsible for execution of the Group ESG strategy; the Chief People Officer who is

responsible for policies and initiatives to support a people-centred culture and workplace that fosters health, safety, wellbeing and inclusiveness; the Chief Commercial Officer who is responsible for supply chain impacts; and the Chief Financial Officer (“**CFO**”) (noting that co-interim arrangements are currently in place for this role) who oversees financial health and stability for the Group. Each of the brand CEOs are ultimately responsible for driving activities within their individual brand business units. All Group officers report directly to the Group CEO, with written and in-person updates provided on the management of economic, environmental and people impacts at regular Board meetings, which occur at least eight times a year. Matters reserved for the Board and the scope and limitations of delegations to the Group CEO, Group executives and management personnel are set out in a Group Delegated Authority Policy approved by the Board on an annual basis.

### **Board composition**

At 31 July 2024, the Board is comprised of seven Directors, namely David Kirk, Abby Foote, Andrea Martens, Brent Scrimshaw, Philip Bowman, and Zion Armstrong. The Chairperson of the Board is David Kirk, an independent Director. Six out of the seven Directors are non-executive Directors. Michael Daly (Managing Director and Group CEO) is the only executive Director on the Board.

The Board assesses the independence of its Directors in accordance with the requirements set out in

the Board Charter, the NZX Listing Rules and the NZX Code. Michael Daly, as Managing Director, is employed by the Company in an executive capacity and is not considered to be an independent Director. David Kirk, Abby Foote, Andrea Martens, Brent Scrimshaw, Philip Bowman, and Zion Armstrong are considered to be independent Directors and none of the factors identified in the commentary to Recommendation 2.4 of the NZX Code apply to them.

A brief biography of each Board member can be found in the “Board and Management” section of the Company’s Investor Website, including the relevant qualifications and experience of each Board member.

### **Nomination and appointment**

New Directors are selected through a nomination and appointment process administered by the Board, as outlined in the Board Charter.

The Board has systems in place which require that appropriate checks are conducted before appointing any new Director, or putting a candidate forward to the Company’s shareholders for election as a Director. These established systems ensure that, as a collective group, Board members hold the skills, experience, knowledge and diversity needed to discharge the Board’s functions and responsibilities.

The Company enters into written agreements with each newly appointed Director or senior executive establishing the terms of their appointment.



**LEFT – RIGHT:** Michael Daly, Abby Foote, Brent Scrimshaw, David Kirk, Philip Bowman, Andrea Martens, Zion Armstrong.

## KMD BRANDS

### Skills Matrix

The Board benefits from the Directors' diverse combination of skills, experiences and expertise and the insights that result from this diversity. The Board is satisfied that the current composition of the Board reflects an appropriate range of the skills, experience, knowledge and diversity needed to discharge the Board's functions and responsibilities and to achieve the strategic aims of the Group. The Board continues to monitor and review Board composition. The Board has developed a skills matrix which it uses to assist in developing plans for long-term succession planning to identify current and future skills gaps.

During the year, the measures taken to advance the collective knowledge, skills and experience of the Board on sustainable development include information on the NZ Climate-Related Disclosure reporting framework and proposed changes to the Privacy Act in Australia.

The following chart summarises the skills, attributes and experience held by the Directors of the Company during the reporting period.

### SKILLS OF OUR DIRECTORS

#### BUILD GLOBAL BRANDS

	SUBSTANTIAL	MEDIUM
Global brand, consumer goods product development	●●●●●	○
Customer omni-channel management	●●●●	○○○
Strategy development and commercial acumen	●●●●●●●	

#### ELEVATE DIGITAL

Customer-centric e-commerce, digital and data	●●●●	○○○
---	------	-----

#### BEST FOR PEOPLE AND PLANET

Sustainability for communities, climate and product circularity	●●	○○○○
Governance experience of listed companies	●●●●	○○○
Risk management including non-financial risk	●●●●	○○○

#### LEVERAGE OPERATIONAL EXCELLENCE

Finance, integrated reporting and audit	●●●●	○○○
Capital allocation including M&A	●●●●	○○
Human capital, talent and culture	●●●●●	○○
International business development	●●●●●	○○
Executive leadership at scale	●●●●●●	○

## Tenure

Directors are appointed and retire by rotation in accordance with the Company's constitution and the NZX Listing Rules. Director tenure is taken into account by the Board when considering the independence of each Director in accordance with the NZX Code.

The average tenure for non-executive Directors is five years with the following tenure mix:

### Tenure of Non-Executive Directors

>10 years	1
6 – 10 years	2
3 – 5 years	2
<2 years	1

## Measuring Board Performance

The Board undertakes an annual self-evaluation of its performance against the requirements and expectations of the Board Charter and the Board's role in overseeing the Group, including its impacts on the economy, environment and people. The performance of the Board's committees and each individual Director is also reviewed on an annual basis, alongside the Board's goals and objectives for the upcoming year. This performance review also identifies any changes needed to the Board and Committee Charters and is used to assist in developing plans for long-term succession planning for Board composition and future training needs. The Board approves the criteria for assessing annual performance of the Group CEO.

The Board has undertaken a review of its performance during the reporting period through an external facilitator, including interviews with each Director.

The Board makes appropriate training available to all Directors to enable them to discharge their responsibilities to the best of their ability, and to keep up to date on changes in areas relevant to their roles.

## Diversity and Inclusion

The Group embraces and encourages a diverse and inclusive workplace culture. This enriches collaborative and creative thinking to provide innovative products and world-class customer service to an equally diverse global community.

The Company maintains a written Diversity Policy in accordance with the NZX Code, which affirms the Group's commitment to harnessing differences to encourage an innovative, responsive and productive workplace, creating value and rewards for customers, the team, shareholders, and the community.

The Diversity Policy considers factors beyond gender diversity (such as ethnicity, cultural background, sexual orientation, age and skills). The People and Remuneration Committee is responsible for setting diversity objectives and monitoring progress.

More information about the Group's approach to diversity and inclusion, including progress against the measurable objectives set by the People and Remuneration Committee, can be found in the "Our People" section of our **FY24 Annual Integrated Report** ("FY24 Annual Report").

### Gender Composition of the Company's Board of Directors and Officers

The Group has set a measurable objective for achieving gender diversity in relation to the composition of its Board and Officers, of not less than 40% who self-identify as male and 40% who self-identify as female.

The Board has not determined a specified period for meeting this measurable objective. In recruitment, the Company seeks candidates with specific capabilities, including global apparel experience, required to support the Group, selecting from a balanced pool of candidates. Ultimately, the best person for the role is selected, notwithstanding gender identification. The Company is committed to its stated targets and initiatives to improve diversity and will transparently disclose its progress on these objectives.

For the purposes of the table below, "Officer" means the Group executive team, being those roles reporting to Michael Daly in his capacity as Group CEO.

## KMD BRANDS

As at 31 July 2024, the gender composition of the Company's Board and officers is as follows:

	Directors		Officers	
	FY24	FY23	FY24	FY23
Male	5	5	4	4
Female	2	2	5	4
Gender diverse	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>8</b>
% Male	71%	71%	44%	50%
% Female	29%	29%	56%	50%

### Gender Pay Gap

As at 31 July 2024, the Group had a total of 2985 female employees, 1681 male employees, 7 gender diverse employees and 15 employees with undisclosed gender.

In FY24, we completed an equal pay analysis across our support office roles. This reviewed any instances where we have two or more employees within a brand and region that share a job title to flag any differences in pay for individual review as part of FY25 remuneration setting processes, to ensure fair treatment of employees.

The Group is focused on a number of activities to reduce the gender pay gap for the longer term, including a new parental leave policy which was introduced in FY24 to better support working parents to keep in touch and return to work after the birth of a child; enabling continued career progression and income earning potential.

Given the global nature of our business, gender pay gap analysis across our multiple operating locations needs to account for regional variations in currency and cost of living. We continue to consider what level of meaningful disclosure we can make about gender pay gap information within our global Group. For more information in relation to gender pay gap for our Australian workforce, please refer to our 2023 Australian Workplace Gender Equality Agency (WGEA) report at [www.kmdbrands.com/communities](http://www.kmdbrands.com/communities).

## PRINCIPLE 3 – BOARD COMMITTEES

The Board has established and maintains two committees to assist with discharging the Board's responsibilities: the Audit and Risk Committee; and the People and Remuneration Committee. The Board may establish other committees based on the needs of the Group.

Each Committee is governed by its own Charter, which has been adopted by the Board, and is reviewed periodically. The Committee Charters are available in the "Corporate Governance" section of the Company's Investor Website at [www.kmdbrands.com/corporate-governance](http://www.kmdbrands.com/corporate-governance).

Membership of each Committee is based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors. Each Committee makes recommendations to the full Board for consideration and decision-making as and when required.

The Company does not have a nomination committee. Due to the size of the Company's Board, the Board as a whole retains the responsibility for recommending new Director appointments. The Board considers that it is able to deal efficiently and effectively with the processes of appointment and reappointment of Directors to the Board and considerations of Board composition and succession planning. The Board draws on the experience and advice of external recruitment specialists for assistance when required.

The Board will continue to review the needs of the Group in relation to the Director nomination process and whether a change of approach in this area is needed.

A summary of the roles, responsibilities and membership of these two Board Committees (as at 31 July 2024) is set out on the following page.

## AUDIT AND RISK COMMITTEE

## PEOPLE AND REMUNERATION COMMITTEE

### Roles and responsibilities

- Overseeing the process of financial reporting, internal control, continuous disclosure, financial and non-financial risk management, compliance, and external audit, including compliance with relevant climate-related disclosure regulations;
- Monitoring the Group's compliance with laws and regulations and the Company's Code of Ethics;
- Encouraging effective relationships with, and communication between, the Board, management and the Company's external auditor; and
- Evaluating the adequacy of processes and controls established to identify and manage areas of potential risk and to seek to safeguard the Company's assets.

- Overseeing the development and application of the Group Human Resources strategy, the remuneration framework and associated policies;
- Assisting the Board in relation to matters concerning remuneration of senior executives and Directors;
- Providing effective remuneration policies and programs to motivate high performance from all employees; and
- Confirming that appropriate and effective policies for managing the performance and development of employees at all levels are in place.

### Membership

At least three members, a majority of whom must be independent Directors and all of whom must be non-executive Directors. At least one member must have an accounting or financial background. The Chair is to be an independent non-executive Director, who is not the Chair of the Board.

Current members:

- Abby Foote (Chair)
- David Kirk
- Philip Bowman
- Zion Armstrong

Senior executives may attend Audit and Risk Committee meetings by invitation only.

At least three members, a majority of whom must be independent Directors and all of whom must be non-executive Directors. The Chair is to be an independent, non-executive Director.

Current members:

- Andrea Martens (Chair)
- Brent Scrimshaw
- David Kirk

Senior executives may attend People and Remuneration Committee meetings by invitation only.



**Attendance**

The number of meetings of the Board of Directors and the Board Committees held during the year ended 31 July 2024 and the numbers of meetings attended by each Director were:

	Board		Audit and Risk Committee		People and Remuneration Committee	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
David Kirk	8	8	6	6	4	4
Abby Foote	8	8	6	6	-	-
Andrea Martens	8	8	-	-	4	4
Brent Scrimshaw	8	8	-	-	4	4
Michael Daly	8	8	-	-	-	-
Philip Bowman	8	8	6	6	-	-
Zion Armstrong	8	8	5	6	-	-

**Takeover Protocols**

The Board has appropriate protocols in place that set out the procedure to be followed if there is an offer to take a controlling interest in the Company. A committee of independent Directors would be formed which would have responsibility for managing the takeover process in accordance with the Board protocols and the New Zealand Takeovers Code.

**PRINCIPLE 4 – REPORTING AND DISCLOSURE**

The Company is committed to promoting investor confidence by providing all stakeholders with timely, accurate and balanced disclosure of information regarding its financial, non-financial and operational matters.

The Company’s Code of Ethics, Board and Committee Charters and other key governance policies and documents are available on its Investor Website at [www.kmdbrands.com/investor-centre/corporate-governance/](http://www.kmdbrands.com/investor-centre/corporate-governance/).

**Continuous Disclosure Policy**

The Company’s Continuous Disclosure Policy provides that all Directors, executives and employees are required to be aware of and fulfil their obligations in relation to the timely disclosure of material information. The Continuous Disclosure Policy explains the respective roles and responsibilities, procedures and processes in place to ensure the Company observes its continuous disclosure obligations under the NZX Listing Rules. The Continuous Disclosure Policy is available and accessible to all Group employees and training on its contents is provided regularly.

**Financial Reporting**

The Audit and Risk Committee oversees the quality of external financial reporting including the veracity, comprehensiveness and timeliness of financial statements. The Company seeks to provide clear, concise financial statements.

## Non-Financial Reporting

The Company is committed to sharing information about its environmental and social impact. Across the Group, the Company is committed to protecting workers' rights, minimising waste and lowering the environmental impacts of business operations by understanding its supply chain. Throughout its Annual Integrated Reporting, the Company has described the material ESG risks faced by the Group and how the Company plans to manage those risks. The Company uses and reports in reference to the GRI Standards framework and the Sustainability Accounting Standards Board (SASB) requirements, as well as the B Corp framework to identify, monitor and manage those risks. The Company intends to publish its first Climate-Related Disclosure statement under the Aotearoa New Zealand Climate Standards by the end of November 2024.

## PRINCIPLE 5 – REMUNERATION

The People and Remuneration Committee is responsible for reviewing remuneration packages for the Group CEO and senior executives and making recommendations to shareholders in relation to non-executive Directors' remuneration.

The People and Remuneration Committee adopts a series of principles in determining remuneration related decisions. The principles used are:

- the remuneration structure should reward those employees who can influence the achievement of the Group's strategic objectives and business plans to enhance shareholder value for successful Group performance outcomes and their contribution to these;
- executive remuneration should be market competitive, and generally account for market practice including consideration of employee place of domicile;
- executives' remuneration packages have a mix of fixed and variable pay and should have:
  - a substantial portion of their total remuneration that is "at risk" and aligned with reward for creating shareholder value;
  - an appropriate balance between short and long-term performance focus and outcomes; and
  - a mix of cash and equity-based remuneration;
- due to the Group CEO's leadership role in establishing and delivering achievement of medium and long-term

Group strategic objectives and business plans, and increasing shareholder value over that period, the Group CEO, relative to other executives, should have:

- a greater proportion of total remuneration (at least 50%) that is "at-risk", i.e. contingent upon the achievement of performance hurdles; and
- a greater proportion of "at-risk" remuneration weighted towards equity-based rewards rather than cash;
- non-executive Directors' remuneration should enable the Company to attract and retain high quality Directors with the relevant experience. In order to maintain independence and impartiality, non-executive Directors should not receive performance-based remuneration; and
- the Board uses discretion when setting remuneration levels, taking into account interests of shareholders, the current market environment and Group performance.

The current approved pool of remuneration available for payment to non-executive Directors is AUD \$1,250,000 in aggregate. This was approved by shareholders at the Annual Shareholders' Meeting on 16 November 2022. In the year ended 31 July 2024, total fees paid to non-executive Directors amounted to NZD \$1,077,508.

Details of the total remuneration and value of other benefits received by each Director from the Company during the reporting period is set out in the Statutory Information of our **FY24 Annual Report**.

## Remuneration Policy

The Company maintains a Remuneration Policy in relation to its Directors, executives and employees which provides for remuneration at fair and reasonable levels throughout the Group. The purpose of the Remuneration Policy is to provide for coherent remuneration practices which enable the attraction and retention of high calibre individuals who contribute positively to the achievement of the Group's strategy and objectives, and ultimately create value for the Company's shareholders. The remuneration of executive and non-executive Directors is clearly differentiated in the Remuneration Policy.

The Board, through the Remuneration Committee, undertakes its governance role in setting Group executive remuneration including, where required, use of external independent remuneration

## KMD BRANDS

consultants and/or available market information.

The Group executive remuneration structure has three components:

- base salary and benefits (reviewed annually to assess appropriateness to the position and competitiveness within the market);
- Short Term Incentives (“**STI**”) determined on the basis of achievement of specific targets and outcomes relating to annual Group financial performance, and individual value adding performance objectives; and
- Long Term Incentives (“**LTI**”) via participation in the Company’s LTI Plan.

### Short Term Incentives

Group executives and certain senior employees are eligible to participate in an annual STI that delivers rewards by way of cash. Group Earnings Before Interest and Tax (“**EBIT**”) has been determined as the appropriate financial performance target to trigger payment of STI. The amount of any STI paid in a year is dependent upon:

- a) the level of performance achieved against the Group’s financial performance target (EBIT) for the year; and
- b) the outcome of individual value adding performance, measured by achievement of individual Key Performance Indicators (“**KPIs**”), subject to a minimum level of performance achieved by the Group relative to the financial performance target (EBIT) for the year.

STI outcomes for the executive team are aligned with the Group’s strategic objectives. Each of the Group executive team members, including our CEO, has individual KPIs linked to our four Group strategic pillars, including non-financial performance objectives, specific to each executive’s role and responsibility.

### Long Term Incentive Plan

Performance Share Rights (“**PSRs**”) under the Group’s LTI Plan have been offered each year since the LTI Plan was originally implemented in 2010.

The LTI Plan is intended to focus performance on achievement of key long-term performance metrics. The selected performance measures provide an appropriate balance between relative and absolute Company performance. The Board continues to reassess the plan and its structure to confirm it will best support and facilitate the growth in shareholder value over the long-term relative to current business plans and strategies.

PSRs granted to the Group executive during the reporting period are dependent upon the following:

- 50% of vesting is subject to an Earnings Per Share (“**EPS**”) Compound Annual Growth Rate (“**CAGR**”) hurdle over a three-year period between 1 August 2023 and 31 July 2026 (“**Performance Period**”). Vesting is on a sliding scale proportionate to the total EPS CAGR over the three-year performance period; and
- 50% of vesting is subject to the Company achieving relative Total Shareholder Return (“**TSR**”) targets over a three-year period from 1 August 2023 to 31 July 2026. TSR is measured on a relative basis against a comparator group of Australian Stock Exchange (“**ASX**”) listed companies in the Consumer Discretionary, Distribution & Retail GICS Sector (excluding Wesfarmers, companies belonging to the Automotive Retail GICS Sub-Industry and Thorn Group Limited) as at the date of the grant. Vesting is on a sliding scale proportionate to the TSR performance.

Performance measurement is at the end of the applicable Performance Period with no ability to re-test. In respect of PSRs granted during the reporting period, the relevant portion of the award that will vest is determined based on the percentile ranking of the Company against the comparator group at the end of the Performance Period. PSRs are granted at nil cost.

## Group CEO Remuneration

Group CEO remuneration comprises a mixture of base salary, STI and LTI.

The Group CEO remuneration for the year ending 31 July 2024 is set out in the table below:

### Michael Daly Group CEO Remuneration package for FY24

	AUD\$
Fixed (Base salary, superannuation)	\$1,127,500 (\$1,100,000 plus super \$27,500)
STI (max potential 90% of fixed)	\$1,014,750
LTI (max potential 100% of fixed)	\$1,127,500
Maximum potential remuneration	\$3,269,750

The annual total compensation ratio for the Group CEO, as the highest paid individual in the Group, to the median annual total compensation of the rest of the Group's employees is \$24:1. For FY23, this ratio was also NZD \$24:1. For the purposes of this calculation, full-time equivalent rates have been used for each part-time employee. The types of compensation included in the calculation are base salary, superannuation contribution, bonuses and deferred equity incentives.

The key principles of the Company's Remuneration Policy for the Group CEO remuneration package are:

- More than half the total remuneration for the Group CEO is at-risk;
- Over 85% of the at-risk remuneration (all except for the STI KPIs) is solely dependent on outcomes of Group financial performance against short-term and long-term targets; and
- All LTI (100% of fixed annual remuneration) will be measured on a single three-year Performance Period.

## FY24 STI Outcome

For the year ended 31 July 2024 the Group financial performance targets were not met and as a result, no short-term cash incentives were paid to the Group CEO or the Group executive.

## PRINCIPLE 6 – RISK MANAGEMENT

The identification and proper management of the Group's material risks is an important priority of the Board. The Company has a central risk management framework in place to identify, oversee, manage and control risks. The KMD Brands risk framework supports risk identification to reduce potential negative impacts and improve the likelihood of beneficial outcomes, while providing a standard to drive consistency and, in turn, confidence that risk is being managed consistently. The KMD Brands risk framework sets out the guiding principles, roles and responsibilities, the risk assessment process and reporting requirements. The KMD Brands risk framework is aligned to ISO 31000:2018 Risk Management Guidelines. The Board regularly reviews the KMD Brands risk framework and the assessments of how the material risks are impacting its business. The Board recognises that some element of risk is inherently necessary in order to achieve the strategic aims for the Group's businesses and deliver value to shareholders.

### Risk Management Policy

The purpose of the Company's Risk Management Policy is to highlight the risks relevant to the Group's operations, and the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Audit and Risk Committee assists the Board in discharging its responsibility for monitoring risk management. The Committee is responsible for establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed, and appropriately addressed in line with the Group's risk appetite and defined tolerances. This Committee oversees the implementation of the risk management framework, monitors its ongoing effectiveness, and regularly reports to the Board.

### Health, Safety and Wellbeing

The Company is dedicated to cultivating a strong safety culture and awareness of health and safety risks, performance and management within the Group. The Company has adopted an integrated approach to safety and wellbeing across the Group, which recognises that workplace safety, health and mental health all contribute to an employee's overall wellbeing.

The Board receives and reviews detailed reports on health and safety matters at each Board meeting. As a lag indicator of health and safety risks, performance and management, the rolling lost time injury\* frequency rate (\*number of lost injuries per 1,000,000 hours worked) was 2.48 (target of 5.0) during the reporting period for the year ending 31 July 2024.

The total recorded injury frequency rate for the reporting period was 4.24.

More information on the health, safety and wellbeing of Group employees can be found in the Our People section of the **FY24 Annual Report**.

### PRINCIPLE 7 – AUDITORS

The Audit and Risk Committee is responsible for making recommendations to the Board about the appointment or replacement of, and for monitoring the effectiveness and independence of, the Group's external auditor. The Audit and Risk Committee Charter requires that the external auditor or lead audit partner be changed at least every five years. The Audit and Risk Committee reviews and assesses the independence of the external auditor on an annual basis.

The Company's external auditor is KPMG, appointed in December 2021. The audit partner responsible has continued from that date.

During the reporting period, the Company has scaled back its internal financial audit function due to resource constraints. The Company considers that it has sufficient systems for evaluating and continually improving the effectiveness of its risk management and internal processes. This includes through the external advisors it currently engages, as well as other internal established processes, including the verification process required to achieve B Corp certification and information and cyber security frameworks.

The Company's external auditor attends the annual meetings of the Company and is available to answer any questions from investors relevant to the audit.

### PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS

The Company is committed to keeping its stakeholders and owners effectively and comprehensively informed of all relevant information affecting the Group in accordance with all applicable laws and the Company's communication strategy.

Information is communicated to investors through the lodgement of all relevant financial and other information with NZX and ASX, publishing information on the Company's Investor Website, annual shareholder meetings, annual and interim reporting, analyst and investor briefings and roadshows.

#### Investor Website

The Company's Investor Website (**[www.kmdbrands.com](http://www.kmdbrands.com)**) contains all key communications concerning the Company and information about its brands: Kathmandu, Rip Curl and Oboz. Shareholders can also view profiles of the Company's Board and Group executive management team on the Investor Website, along with its key governance policies, the Charters of the Board Committees, copies of current and past annual reports and webcasts of annual shareholder meetings.

All relevant announcements made to the market are shown on the Company's Investor Website as soon as they have been released to NZX and ASX and can also be accessed through the Company's Investor Website. Investors can subscribe through the Investor Website to receive an email alert when a new announcement is lodged.

#### Communication

The Board encourages investors to communicate with the Company electronically. Investors can contact the Company through the Investor Website at **[www.kmdbrands.com/contact](http://www.kmdbrands.com/contact)**. Investors have the option of receiving their communications, which includes the Annual Integrated Report, from the Company electronically.

The Company actively engages with its investors through annual shareholder meetings, its investor briefings and roadshows, and meeting with stakeholders on request.

### **Approach to Seeking Additional Equity Capital**

The Board acknowledges Recommendation 8.4 of the NZX Code which suggests that where the Company requires additional equity capital, where practical, the Board should favour capital raising methods that provide existing equity security holders with an opportunity to participate in the offer on a pro-rata basis, and on no less favourable terms, before further equity securities are offered to other investors. The Board has taken Recommendation 8.4 of the NZX Code into account, along with a number of other factors when considering options for the capital raisings in previous reporting periods. Ultimately the Board will choose methods to raise equity, when needed, which are necessary and desirable to achieve the best outcomes for the Company in the context of any anticipated transaction or proposal for which additional equity capital may be required.

### **Meetings and Voting**

Where voting by shareholders on a matter concerning the Company is required, the Board encourages investors to attend the annual shareholders' meeting or to send in a proxy vote. All voting at the Company's annual shareholder meeting is conducted by way of poll on the basis of one share, one vote.

In 2019, the Company began using a virtual meeting platform for its shareholder meetings to allow participation where a shareholder is unable to attend in person. The Company's notice of meeting will be available at least 20 working days prior to the meeting at **[www.kmdbrands.com/announcements](http://www.kmdbrands.com/announcements)**.

  
Kathmandu®

Obōz

  
*RIP CURL*

**KMD**  
BRANDS

[KMDBrands.com](http://KMDBrands.com)