

MCPHERSON'S

ESTD. 1860

# McPherson's Limited Board Charter

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# Board Charter

## 1. INTRODUCTION

- (a) This Charter is designed to clearly set out the respective roles, responsibilities and authorities of the Board of Directors (**Board**) of McPherson's Limited (**MCP** or **Company**) (both individually and collectively) and management in setting the direction and control of the Company.
- (b) Along with the ASX Listing Rules, the Company's Constitution contains the main rules for the composition, election, organisation, powers and authority of the Board.

## 2. ROLE AND PURPOSE OF THE BOARD

### 2.1 Role

- (a) The role of the Board is to build sustainable value for its shareholders while respecting the interests of all its stakeholders. Under the Company's Constitution:
  - (i) the business of the Company is managed by the Directors;
  - (ii) the Directors may:
    - (A) delegate the day-to-day management of the Company to the Chief Executive Officer & Managing Director on the terms and conditions and with any restrictions that they determine; and
    - (B) withdraw or vary any management delegation to the Chief Executive Officer & Managing Director on the terms and conditions and with any restrictions that they determine.
- (b) The Board must at all times:
  - (i) act honestly, conscientiously and fairly in all respects in accordance with the applicable law and regulations;
  - (ii) act in the best interests of the shareholders of the Company; and
  - (iii) act in good faith with respect to other stakeholders of the Company.
- (c) The Board's role includes those matters listed in the document entitled "Matters Reserved for the Board" published on the Company's website [www.mcphersons.com.au](http://www.mcphersons.com.au).
- (d) The Board may delegate the day-to-day operation of the Company to management, but the Board remains accountable to shareholders and other stakeholders for the Company's performance.
- (e) This Charter and the charters adopted by the Board for the Board Committees have been prepared and adopted on the basis that corporate governance procedures can enhance the performance of the Company and the creation of shareholder value.

### 2.2 Purpose

- (a) The primary purpose of the Board is to:
  - (i) set the right tone for leadership in the Company;

- (ii) define the Company's role and purpose in relation to all relevant stakeholders;
  - (iii) set the strategic direction of the Company (including setting the strategic and business plans and budgets);
  - (iv) empower management to implement the approved strategic direction; and
  - (v) regularly assess the progress of achievement not only as against the approved strategic direction but also in relation to the Company's overall performance.
- (b) In doing so, each Director will exercise their own critical and independent judgement in the best interests of the Company, as a whole, faithfully discharging their legal, fiduciary and common law duties as directors. Directors will therefore act independently but support decisions made collectively, and ideally by consensus, by the Board.
- (c) The Board will also ensure that the Company has adequate internal controls, risk and compliance policies and procedures and reporting mechanisms and will regularly assess their effectiveness.

### **3. COMPOSITION OF THE BOARD**

- (a) The Board is to be structured to be effective and add value. This includes being of an appropriate size and to collectively have the skills, commitment and knowledge of the Company and the industry in which it operates to enable the Board to discharge its duties effectively and to add value.
- (b) In accordance with the Company's Constitution the Board shall comprise not less than three Directors.
- (c) The majority of Directors must be independent non-executive Directors.
- (d) The Directors will be appointed in accordance with the Company's Constitution and will hold office subject to the Company's Constitution, the *Corporations Act 2001* (Cth) and the ASX Listing Rules, as they may apply to the Company.
- (e) While the Board may appoint a new Director at any time, the rules for re-election of Directors by shareholders at an Annual General Meeting will apply and are defined in the Constitution and the ASX Listing Rules.
- (f) A Director may resign the office of Director at any time by giving written notice to the Company.

### **4. ACCESS AND INDEPENDENT ADVICE**

#### **4.1 Access to Books and Records**

In discharging its role, the Board is able to have full access to all books, records, facilities and personnel of the Company.

#### **4.2 Independent Advice**

The Board or an individual Director of the Company has the right to seek independent professional advice, as necessary, to fulfil their duties and responsibilities, at the Company's expense, provided that:

- (a) prior written approval of the Chair or the Board is obtained (and approval would generally be granted whenever Directors judge such advice to be necessary for them to discharge their responsibilities as Directors);
- (b) details are provided of the nature of the proposed advice sought, the proposed adviser and the estimated cost;
- (c) the advice does not extend to matters relating to contractual arrangements or disputes with the Company; and
- (d) any advice received shall be circulated to the remainder of the Board if the Chair so determines.

## 5. MEETINGS

Meetings of the Board will be conducted in accordance with the Company's Constitution, the *Corporations Act 2001* (Cth) and the ASX Listing Rules, as they may apply to the Company.

## 6. INDEPENDENCE OF DIRECTORS

- (a) The Board will assess the independence of Directors with reference to the definition of an independent Director contained in the applicable ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, namely:

*"Independent Director: a Director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than those of an individual security holder or other party."*

- (b) All facts and circumstances will be considered by the Board in determining the independence of a Director. It is not possible to provide prescriptively for all circumstances that will constitute a conflict of interest or a material relationship. Nor is it possible to pre-determine whether such circumstances will be concluded as likely to affect Directors' independent exercise of judgement.
- (c) Some examples of interests, positions and relationships that may raise issues about the independence of a Director are set out below. Where a Director falls into one or more of these examples, the Board will generally determine the Director not to be independent unless it is clear that the interest, position or relationship is not material and will not interfere with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.
- (d) Examples of interests, positions and relationships that might raise issues about the independence of a Director include if the Director:
  - (i) is, or has been, employed in an executive capacity by the Company or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
  - (ii) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
  - (iii) is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the

- Company or any of its subsidiaries, or is an officer of, or otherwise associated with, someone with such a relationship;
- (iv) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
  - (v) has close personal ties with any person who falls within any of the categories described above; or
  - (vi) has been a Director of the Company for such a period that their independence from management and shareholders may have been compromised.
- (e) The Board or the Remuneration, People & Culture Committee will regularly assess the independence of each non-executive Director. The assessment should be made at least annually at or around the time that the Board or the Remuneration, People & Culture Committee considers candidates for election or re-election to the Board. In the case of a change in a non-executive Director's interests, positions or relationships, the assessment should be made as soon as practicable after the Board or the Remuneration, People & Culture Committee becomes aware of the change.

## **7. RESPONSIBILITIES OF THE BOARD**

The responsibilities of the Board comprise the following:

- (a) demonstrating leadership;
- (b) defining the Company's role and purpose and setting its strategic objectives;
- (c) monitoring management's implementation of financial and other strategic objectives;
- (d) instilling and reinforcing a culture across the Company of acting lawfully, ethically and responsibly and in a manner consistent with the Company's values;
- (e) approving the Company's Statement of Values and Code of Conduct Policy at least annually;
- (f) appointing and, as necessary, replacing the Board Chair;
- (g) approving operating budgets, major capital expenditure, acquisitions and divestments;
- (h) monitoring capital management;
- (i) satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- (j) satisfying itself that an appropriate framework exists for relevant and accurate information to be reported by management to the Board;
- (k) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (l) overseeing the Company's process for making timely and balanced disclosure of all material information reasonably expected to have a material effect on the price or value of the Company's securities;
- (m) monitoring compliance with legal, constitutional and ethical standards;

- (n) reviewing, approving and monitoring the effectiveness of the Company's governance policies;
- (o) the appointment and, as necessary, removal of the Chief Executive Officer & Managing Director and/or the Company Secretary;
- (p) the ratification of the appointment and, as necessary, removal of the Chief Financial Officer and all other Executive Leadership Team roles;
- (q) annually monitoring and evaluating the performance of management;
- (r) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values and strategic objectives;
- (s) reviewing its skills and diversity matrix on a regular basis to make sure it covers the skills and diversity needed to meet existing and emerging business, finance and governance issues applicable to the Company;
- (t) reviewing succession planning and management development (including considerations of gender diversity);
- (u) annually assessing the Board's own performance and that of each Director;
- (v) annually assessing the performance of each Board Committee; and
- (w) ensuring that the external auditor attends the Company's Annual General Meeting to be available to answer questions relating to the audit, the auditor's independence and the Auditors' Report.

## **8. DELEGATION OF AUTHORITY**

In delineating the respective roles of the Board and management, the Board has determined the powers it wishes to reserve for itself and those which are delegated to management. These powers are contained in a separate document known as "Matters Reserved for the Board" which is published on the Company's website [www.mcphersons.com.au](http://www.mcphersons.com.au).

## **9. ROLE OF THE BOARD CHAIR**

### **9.1 Objective**

The Company recognises that it is important that the Board Chair has a defined role in the Company. The role of the Board Chair requires a significant time commitment and so the Board Chair's other positions should not be such that they are likely to hinder effective performance in the role. The Board Chair must be a non-executive and an independent Director of the Company.

### **9.2 Specific duties of the Board Chair**

The Board Chair will:

- (a) chair all board meetings at which the Board Chair is present;
- (b) establish the agenda for Board meetings, in consultation with the Chief Executive Officer & Managing Director, the other non-executive Directors and the Company Secretary;
- (c) chair meetings of shareholders including the Annual General Meeting of the Company.

### **9.3 Specific responsibilities of the Board Chair**

The Board Chair is responsible for:

- (a) leadership of the Board and for the efficient organisation and conduct of the Board's role and responsibilities; and
- (b) facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and management.

### **9.4 Role of the Board Chair**

- (a) The Board Chair will be selected based on relevant experience, skill, judgement and leadership abilities to contribute to the effective direction of the Company.
- (b) The roles of Board Chair and Chief Executive Officer & Managing Director will be exercised by two separate individuals.

## **10. COMMITTEES OF THE BOARD**

- (a) The Board will establish committees to assist it in carrying out its role and responsibilities. Each Board Committee is required to adopt a Charter reviewed and approved annually by the Board, which sets out its composition, responsibilities and other matters relating to the Board Committee's effective operation.
- (b) At present, the Board has established the following Board Committees:
  - (i) Remuneration, People & Culture Committee (which also has the responsibility for the process for determining the necessary and desirable competencies of Board members and the assessment of those competencies and for Board, Chief Executive Officer & Managing Director and senior executive succession planning);
  - (ii) Audit & Risk Committee; and
  - (iii) Nominations Committee.
- (c) Notwithstanding the responsibilities of the Audit & Risk Committee regarding the integrity of the Company's corporate reports, the Board will, before it approves the financial statements for a financial period, receive from the Chief Executive Officer & Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company have been properly maintained, 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 Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## **11. DIRECTOR'S DEED OF ACCESS, INSURANCE AND INDEMNITY**

- (a) Each Director is entitled to enter into a deed between the Director personally and the Company called a Director's Deed of Access, Insurance and Indemnity, which includes (amongst other things):
  - (i) the right to seek independent advice at the Company's expense, subject to prior approval of the Board Chair or the Board;
  - (ii) access to Board Papers (including the Company's books and records);

- (iii) an indemnity from the Company;
  - (iv) the benefit of the Company's Directors and Officers' Insurance policy;
  - (v) ongoing confidentiality obligations;
  - (vi) an obligation to disclose to the Board the Director's interests, circumstances which may give rise to a conflict of interest or be relevant to an assessment of the Director's independence; and
  - (vii) an obligation to inform the Board before accepting any additional directorship or new role that could impact upon the time commitment expected of the Director or give rise to a conflict of interest, to enable any objections to be raised by the Board prior to any appointment.
- (b) On appointment, Directors will also be provided with an engagement letter which includes:
- (i) information regarding the term of the appointment;
  - (ii) the time commitment envisaged including the expectation regarding committee involvement;
  - (iii) remuneration including superannuation entitlements; and
  - (iv) the requirement to comply with the Company's key policies including the Code of Conduct Policy, the Securities Trading Policy and the Ethical and Responsible Business Conduct Policy (which includes ethical, lawful, anti-bribery and anti-corruption behaviour provisions).
- (c) In the case of the Chief Executive Officer & Managing Director the above matters will be included in an employment agreement which will also include a position description, the person to whom they report, the circumstances in which their services may be terminated and any entitlements on termination.

## **12. CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer & Managing Director and, through that office, to the Executive Leadership Team.

## **13. COMPANY SECRETARY**

- (a) The Company Secretary is accountable directly to the Board, through the Board Chair, on all matters to do with the proper functioning of the Board and in relation to corporate governance matters. Each Director is able to communicate directly with the Company Secretary and vice versa.
- (b) The Company Secretary is responsible for (unless delegated to another person within the Company):
  - (i) advising the Board and Board Committees on corporate governance matters;
  - (ii) monitoring compliance with Board and Board Committee policies and procedures;

- (iii) co-ordinating the timely completion and despatch of Board and Board Committee papers;
- (iv) ensuring that the proceedings and resolutions considered at Board and Board Committee meetings are accurately captured in the minutes and resolutions;
- (v) monitoring the Company's compliance with all disclosure obligations and regularly reviewing the Company policies and procedures relating to compliance with such disclosure obligations; and
- (vi) helping to organise and facilitate the induction and professional development of Directors.

## **14. REMUNERATION PHILOSOPHY**

### **14.1 General philosophy**

The performance of the Company depends upon the quality of its Directors and management. To prosper, the Company must attract, motivate and retain highly skilled Directors and management.

### **14.2 Executive Remuneration**

The Company embodies the following principles in its remuneration philosophy:

- (a) provision of competitive rewards to attract high calibre senior executives;
- (b) linking senior executive rewards to shareholder value;
- (c) providing for a significant proportion of senior executive remuneration to be “at risk” and dependent on pre-determined performance or other benchmarks being met; and
- (d) establishing appropriate performance hurdles or other benchmarks in relation to variable executive remuneration.

### **14.3 Non-Executive Director Remuneration**

- (a) The maximum aggregate pool available to be paid to non-executive Directors is approved by shareholder resolution. The way this pool is apportioned between the non-executive Directors is determined and reviewed annually by the Board.
- (b) Each non-executive Director will receive a fixed fee for being a Director of the Company, unless otherwise decided by the Board or as approved by shareholders.
- (c) Unless otherwise determined by the Board, the Chief Executive Officer & Managing Director will not be a member of any Board Committee.

## **15. BOARD AND COMMITTEE PERFORMANCE**

The Board will undertake an annual performance evaluation of the Board collectively and each Director individually on an annual basis. The Board should also ensure that each of the Board committees also conducts an annual evaluation of their performance, which is reported to the Board.

## 16. REVIEW OF BOARD CHARTER

The Board will review this Charter annually to ensure that it remains relevant and effective. The Board may change this Charter at any time.

## 17. PUBLICATION

This document will be published in the Investor Centre / Corporate Governance section of the Company's website [www.mcphersons.com.au](http://www.mcphersons.com.au). A copy will also be made available on request.

## 18. DOCUMENT CONTROL

Version	Description	Date
1	Original Version	May 2020
2	Annual Review	December 2020
3	Annual Review	June 2021
4	Annual Review	February 2022
5	Mid-Year Review	June 2022
6	Annual Review	May 2023
7	Annual Review	May 2024
8	Annual Review	April 2025
9	Annual Review	April 2026