



McPherson's Limited Remuneration Strategy

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Remuneration Strategy

1. INTRODUCTION

- (a) McPherson's (**Company, McPherson's or McPherson's Group**) Remuneration Strategy is based on the principles of:
 - (i) providing a remuneration framework, inclusive of incentives, that aligns achievable goals with the Company's broader corporate objectives, driving sustainable business growth and performance;
 - (ii) attracting, retaining, and rewarding top talent through fair and equitable remuneration practices that account for the diverse roles across McPherson's, ensuring internal consistency and alignment with market benchmarks;
 - (iii) fostering a performance-based culture by linking pay directly to individual and organisational performance, supported by clearly defined performance goals, to incentivise and reward high performance;
 - (iv) ensuring that remuneration decisions are transparent and based on measurable targets, allowing employees to clearly understand their role levels, accountabilities, and the expectations placed upon them;
 - (v) regularly benchmarking remuneration against national and industry-specific market data to maintain competitiveness, enabling McPherson's to attract and retain key talent with appropriately flexible pay ranges that reflect role complexity and contribution; and
 - (vi) compliance with local laws and regulatory requirements including the ASX Listing Rules and the applicable ASX Corporate Governance Council's Corporate Governance Principles & Recommendations.
- (b) The Company's Remuneration Strategy is also underpinned by the McPherson's Group's:
 - (i) values as expressed in its Statement of Values (disclosed on the McPherson's website); and
 - (ii) gender pay equity objectives.
- (c) The McPherson's Group's gender pay equity objectives are:
 - (i) to achieve and maintain gender pay equity within the McPherson's Group, as a whole;
 - (ii) to ensure that no gender bias occurs at any point in the remuneration review process (e.g. at commencement, annual review, out of cycle reviews and with performance or incentive pay);
 - (iii) to ensure managers are held accountable for gender pay equity outcomes; and
 - (iv) to commit to a rigorous and fair performance and pay review assessment process.
- (d) The Company's aim has been, and will remain, to maintain simplicity and transparency in all remuneration plans and practices.

- (e) In this Remuneration Strategy:
- (i) **CEO** means the Chief Executive Officer & Managing Director of the McPherson's Group.
 - (ii) **ELT** means the senior executives (known as the Executive Leadership Team (**ELT**)) who report directly to the CEO.
 - (iii) **Senior Leaders** refers to those employees of the McPherson's Group who are senior leaders or functional/technical specialists, typically at pay levels 5 and 6, reporting to an ELT member.
 - (iv) **Employee** refers to those employees of McPherson's other than the CEO or an ELT member.

2. REMUNERATION PHILOSOPHY AND APPROACH

2.1 General Philosophy

- (a) The Company's people, culture and remuneration strategies have been developed with the understanding that attracting and retaining people capable of achieving high-performance targets, outcomes and results is essential for generating sustainable growth and maximising shareholder value.
- (b) The Company must therefore attract, retain and reward the best talent by driving a performance-based culture regardless of gender. This Remuneration Strategy and general remuneration philosophy has been designed to ensure:
 - (i) remuneration practices reward outcomes and behaviours that support the delivery of our business strategy;
 - (ii) performance is measured based on the level of contribution to key strategic goals and targets;
 - (iii) behaviours are measured in line with the Company's high-performance culture and values;
 - (iv) gender pay equity objectives are being achieved;
 - (v) remuneration plans and practices will differentiate outcomes based on McPherson's Group financial performance and individual performance;
 - (vi) McPherson's pays competitive remuneration within our markets for talent to ensure we can attract, retain and reward the right calibre of employees to deliver on our business strategy;
 - (vii) remuneration decisions will balance outcomes with Company and shareholder outcomes; and
 - (viii) remuneration plans and practices will be fair and decision making will be transparent.
- (c) The Board is committed to:
 - (i) ensuring its remuneration strategy and policies are aligned with the Company's purpose, values, strategic objectives and risk appetite (as set by the Board); and

- (ii) further strengthening links between culture, performance and remuneration for all employees within the McPherson's Group.
- (d) This philosophy ensures an overall alignment between individual performance to business and shareholder outcomes.

2.2 Financial and Non-Financial Measures

- (a) McPherson's uses a combination of Financial Measures and Non-Financial Measures to assess Company, team and individual performance.
- (b) These measures support the Company's performance management framework and may inform fixed and variable remuneration outcomes, depending on an employee's role and the remuneration arrangements applicable to them.
- (c) Financial Measures may include:
 - (i) revenue;
 - (ii) EBITDA;
 - (iii) gross profit;
 - (iv) earnings per share;
 - (v) total shareholder return;
 - (vi) sales performance; and
 - (vii) other financial or commercial outcomes relevant to the Company, function, team or role.
- (d) Non-Financial Measures may include:
 - (i) achievement of individual performance goals;
 - (ii) delivery of strategic initiatives;
 - (iii) customer, operational or organisational outcomes;
 - (iv) leadership and people outcomes;
 - (v) demonstration of the Company's values and expected behaviours;
 - (vi) capability development; and
 - (vii) other performance outcomes relevant to the individual's role and accountabilities.
- (e) The weighting and application of Financial Measures and Non-Financial Measures will vary depending on the employee's role and the relevant remuneration arrangement.
- (f) The measures applicable to the CEO and ELT will be determined in accordance with the governance arrangements set out in the relevant incentive plan.
- (g) Measures applicable to Senior Leaders and other Employees will be determined by the relevant manager, ELT member, CEO or Board, as applicable, having regard to the employee's role, accountabilities and applicable remuneration arrangements.

- (h) All Financial Measures and Non-Financial Measures must be consistent with this strategy, the Company's purpose, values, strategic objectives and risk appetite.

3. REMUNERATION MIX

3.1 Fixed Remuneration

- (a) ELT remuneration packages are structured as a total fixed reward (TFR), which includes all forms of fixed remuneration, such as base salary and superannuation. For the rest of the McPherson's Group, remuneration is structured on a base salary plus superannuation basis.
- (b) McPherson's utilises a job level structure, and pay ranges are benchmarked against current market data to ensure competitiveness. Pay ranges are regularly reviewed and aligned with market trends to attract, retain, and reward top talent, reflecting individual contribution, role complexity, seniority, and expertise.
- (c) The Company will also periodically seek feedback from recruitment markets as measured by the ability to attract, retain and reward high performing CEO, ELT and Employees.
- (d) McPherson's is an Australian ASX listed entity that has built a position in some of the Asia-Pacific's fastest growing and yet challenging markets. As such, McPherson's aims to be a market median payer in all local markets, with the ability to pay above market to attract talent, reflect individual contribution, role complexity, seniority, expertise and location.

3.2 Superannuation / Retirement and Pension Plans

- (a) In Australia, the Company provides employee 'choice of fund' and pays statutory superannuation contributions according to law. For ELT, superannuation is included within the Total Fixed Reward (TFR). For the rest of the McPherson's Group, superannuation is in addition to the base salary, providing employee flexibility to sacrifice additionally from their base salary.
- (b) In other parts of the world where the Company has employees, the Company pays into retirement or pension plans as required by prevailing practice or law in those countries.

3.3 Variable Remuneration

- (a) McPherson's may provide variable remuneration to eligible employees where this is appropriate to the nature of their role, level of accountability and ability to influence relevant business outcomes.
- (b) The Company's variable remuneration arrangements may include:
 - (i) a Short Term Incentive Plan for the CEO, ELT and eligible Senior Leaders;
 - (ii) a Long Term Incentive Plan for the CEO, ELT and selected Senior Leaders;
and
 - (iii) a Sales Incentive Plan for eligible sales employees.

Short Term Incentive Plan

- (a) The Short Term Incentive Plan is designed to reward eligible participants for the achievement of annual Company and individual performance outcomes.
- (b) Short-term incentive outcomes may be based on a combination of Financial Measures and Non-Financial Measures.
- (c) For the CEO, the measures and outcomes will be determined by the Board.
- (d) For ELT members, the measures will be determined by the CEO and noted or approved by the Board, as applicable.
- (e) For eligible Senior Leaders, the measures will be determined by the participant's direct manager and approved by the relevant ELT member, CEO or Board, as applicable.

Long Term Incentive Plan

- (f) The Long Term Incentive Plan is designed to align eligible participants with the Company's longer-term strategy and shareholder outcomes through equity-based incentives.
- (g) Participation is limited to the CEO, ELT and selected Senior Leaders, as determined by the Board.
- (h) Long-term incentive outcomes may be based on Financial Measures, Non-Financial Measures or a combination of both, as determined by the Board.
- (i) The Financial Measures applicable to the Long Term Incentive Plan will generally be different from those applicable to the Short Term Incentive Plan.

Sales Incentive Plan

- (j) The Sales Incentive Plan is designed to reward eligible sales employees for the achievement of sales and commercial outcomes relevant to their roles.
- (k) Measures may include revenue, gross profit, margin, distribution, customer performance or other relevant sales and commercial measures.
- (l) Sales Incentive Plan measures, targets and outcomes will be determined and approved in accordance with the applicable plan rules and the Company's delegated authorities.

General

- (m) Eligibility, performance measures, weightings, targets, payment arrangements and approval requirements may differ between incentive plans.
- (n) The detailed terms of each arrangement will be governed by the applicable plan rules, offer documentation and the Company's delegated authorities.
- (o) Participation in an incentive plan does not guarantee an incentive payment or award.

4. REMUNERATION REVIEWS

4.1 CEO and ELT

CEO

- (a) Remuneration for the CEO is reviewed by the Board each year.

ELT

- (b) The CEO will undertake a review of ELT remuneration each year. The CEO will consult with the Remuneration, People & Culture Committee and report to the Board with any recommended remuneration levels for ELT each year.

General

- (c) The remuneration reviews in paragraphs 4.1(a) and (b) will have regard to a review of Group-wide, business unit and individual performance, relevant comparative remuneration in the marketplace and internal and external advice (as appropriate). For Key Management Personnel (KMP), the Board has access to external advice, independent of management, if desired.

4.2 Employees

- (a) As part of the annual company budget review and approval process, the Board will review, and if thought appropriate, approve the available remuneration budget.
- (b) The remuneration increases (if any) for each operating business unit and country will be assessed in relation to, and be consistent with, the relevant market remuneration movements and practices and the affordability for each unit.
- (c) The relevant manager will review and recommend remuneration outcomes for Employees, within the remuneration increases budget (if any). Recommendations will be endorsed by the relevant ELT member and approved by the CEO. Under the Company's performance management framework, remuneration reviews for Employees can be conducted and applied to reward role performance and against salary position bands (within the position band matrix) at any time during the year. However, generally, as a minimum, all remuneration reviews are applied to be effective on 1 October each year (unless otherwise determined by the Board).
- (d) The review process ensures that remuneration is in line with the market and is reasonable in the context of Australian and local remuneration or compensation practices. The process involves reviewing job requirements and accountabilities to establish position matches and then comparing them to appropriate market remuneration data.
- (e) Additionally, performance calibration is conducted annually to ensure consistency in performance ratings across different teams and functions. This process ensures that employees are evaluated against a common set of standards, and remuneration outcomes, including salary increases and incentive allocations, are aligned with individual performance and contributions to organisational goals.
- (f) Remuneration for individuals is set within plus or minus 10-20% of the assessed market rate, with annual increases to be higher than market for Employees who are:
 - (i) high-performing;

- (ii) high-potential; and/or
- (iii) currently low in the range or below the market data.
- (g) In cases where an Employee's salary exceeds the maximum of their pay band, the Company may offer increases as a lump sum to prevent overpayment from compounding, while still allowing the Company to reward high performance.

5. REMUNERATION, PEOPLE & CULTURE COMMITTEE

- (a) The Remuneration, People & Culture Committee has been established as a committee of the Board to, amongst other things, review, and make recommendations to the Board, on remuneration arrangements for the CEO, ELT, Employees and Non-Executive Directors.
- (b) Through the Remuneration, People & Culture Committee, the remuneration for the CEO is ultimately determined by the Board consistent with the principles set out in this strategy and also in line with ASX guidelines, the Corporations Act and good corporate governance practices.
- (c) The Remuneration, People & Culture Committee, together with the Board, assesses the appropriateness of the mix and amount of remuneration for the CEO, ELT, Employees and Non-Executive Directors:
 - (i) on a regular basis by reference to relevant employment market conditions; and
 - (ii) with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and ELT.
- (d) In accordance with good corporate governance practices, the structure of management and Non-Executive Director remuneration is separate and distinct.

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 Objectives

The Board seeks to set Non-Executive Director remuneration:

- (a) at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre while incurring a cost that is acceptable to shareholders; and
- (b) so that total directors' fees reflect the significant contribution of time and skills of the Non-Executive Directors.

6.2 Structure

- (a) The Company's Constitution and the ASX Listing Rules specify that the annual aggregate remuneration limit of Non-Executive Directors shall be approved by shareholders from time to time. An amount not exceeding the amount determined is then divided between the Non-Executive Directors, as agreed.
- (b) The amount of approved annual aggregate remuneration limit together with the level of actual remuneration to be paid, and the way it is apportioned between Non-Executive Directors, is reviewed annually. The Board will consider any advice from

external consultants (if obtained) as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review.

- (c) Each Non-Executive Director receives a fixed fee for being a director of the Company and an additional fee if the Non-Executive Director is the chair and/or member of a Board Committee. Depending on where the Non-Executive Director resides, superannuation benefits are included in the Non-Executive Directors fees. No other retirement benefits are paid.
- (d) The Board has adopted a Minimum Shareholding Requirement (MSR) for Non-Executive Directors to further align their interests with those of shareholders and reinforce a shared ownership mindset. Under the MSR, each Non-executive Director is required to acquire and hold shares in the Company with a price or value equivalent to one years' base director fees within five years from 30 April 2026. The Board considers the MSR to be an appropriate mechanism to strengthen alignment between Non-Executive Directors' and shareholders' interests in the creation of long-term value.

7. REVIEW OF THIS DOCUMENT

- (a) The Board will review this document at least annually to ensure it remains relevant and effective.
- (b) This document is not intended to be contractual in nature.
- (c) The Board may change this document at any time.

8. PUBLICATION

A copy of this document will be available in the Corporate Governance section on the Company's website (www.mcphersons.com.au) or will be available upon request.

9. DOCUMENT CONTROL

Version	Description	Date
1	Original Version	October 2024
2	Annual Review	October 2025
3	Annual Review	August 2026