



McPHERSON'S

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BOARD CHARTER

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BOARD CHARTER

1. Role of the Board

The role of the Board is to build sustainable value for its shareholders whilst respecting the interests of its stakeholders. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The role of the Board and its key responsibilities are described as follows:

- Providing leadership and setting the strategic objectives of the Company;
- Monitoring management's implementation of financial and other strategic objectives;
- Appointing and where necessary removing the Chairman;
- Appointing and where necessary removing the Managing Director;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- Approving operating budgets, major capital expenditure, acquisitions and divestments;
- Monitoring capital management;
- Overseeing and approval of the risk, control and accountability systems, including establishing and overseeing the Company's overall appetite for risk;
- 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;
- Monitoring compliance with legal, constitutional and ethical standards;
- Monitoring the effectiveness of the Company's governance practices;
- Ratifying the appointment of and where necessary the removal of the Chief Financial Officer and the Company Secretary;
- Monitoring and evaluating the performance of management;
- Approving the Company's remuneration framework;
- Reviewing succession planning and management development; and
- Assessing the Board's own performance.

2. Delegation of Authority

To provide clarity in delineating the roles of the Board and management the Board has determined which powers it wishes to reserve for itself and those which are delegated to the Managing Director. The Managing Director has authority to make decisions on behalf of

McPherson's within these delegated powers. These powers are contained in a separate document known as Retained and Delegated Authorities of the Board.

Position descriptions are in place to further clarify the roles of the Managing Director and Chief Financial Officer.

3. Role of the Chairman

The Chairman must be a non-executive and an independent director. The Chairman is responsible for:

- The leadership of the Board;
- The efficient organisation and conduct of the Board's function;
- Providing briefing if required to all directors in relation to issues arising from Board meetings;
- Facilitating the effective contribution of all directors; and
- Promoting constructive relations between Board members and between the Board and management.

4. Composition of the Board

In accordance with the Company's constitution the Board shall comprise not less than three directors.

The majority of directors must be independent directors.

5. Independence of Directors

The Board will assess the independence of directors with reference to the definition of an independent director contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, namely:

"Independent Director: a director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally."

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.

Subject to the general proviso referred to above, a non-executive director will generally be considered independent if they:

1. are not a substantial shareholder of the Company or an officer of or otherwise associated directly with, a substantial shareholder of the Company;
2. have not within the last three years been an executive of the Company (or a group company);
3. have not in the last three years been a principal of a material professional adviser or a material consultant to the Company (or group) or an employee materially associated with the service provided;
4. are not a supplier or customer of a company or other group member or an officer or otherwise associated directly or indirectly with a material supplier or customer;
5. do not have a material contractual relationship with the Company or another group member (other than as a director of the Company);
6. do not have close family ties with any person who falls within any of the categories described above;
7. have not been a director of the Company for such a period that his or her independence may have been compromised

6. Committees of the Board

The Board will establish committees to assist it in carrying out its role. Each committee shall be required to adopt a Charter approved by the Board, which sets out its composition, responsibilities and other matters relating to its effective operation.

The Board has established the following committees:

- Nomination and Remuneration Committee; and
- Audit Risk Management and Compliance Committee.

7. Director's Deed

Each director is required to enter into an agreement with the Company called a Director's Deed, which includes:

- The right to seek independent advice at the Company's expense, subject to prior approval of the Chairman or the Board;
- Access to Board Papers;
- A company indemnity;
- The provision of Director's and Officer's Insurance;

- An obligation to disclose to the Board circumstances which may give rise to a conflict of interest or be relevant to an assessment of the director's independence ; and
- An obligation to inform the Board before accepting any additional directorship with a public company to enable any objections to be raised by the Board prior to any appointment.

On their appointment, Directors will also be provided with an engagement letter which includes:

- Information regarding the term of the appointment and the circumstances in which the director's office becomes vacant;
- The time commitment envisaged including the expectation regarding committee involvement;
- Remuneration including superannuation entitlements; and
- The requirement to comply with the company's key corporate policies including the Securities Trading Policy and the Ethics and Responsible Business Conduct Policy;

In the case of the 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.

8. Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Each director is able to communicate directly with the Company Secretary and vice versa.

9. ASX Announcements Policy

The Board has established a formal policy to ensure compliance with its obligations to ensure a well-informed market. This policy is contained within the Communications Policy and is designed to ensure that all employees are aware of the Company's continuous disclosure obligations.

10. Ethics and Responsible Business Conduct Policy

The Board has in place an Ethics and Responsible Business Conduct Policy, which is applicable to all directors and employees.

11. Securities Trading Policy

Directors and employees must comply with the Board's Securities Trading Policy, which imposes restrictions on trading in the Company's shares and other securities including where there is undisclosed price sensitive information.

12. Media Spokesperson

The Managing Director will ordinarily be the chief spokesperson for the Company. The Board policy in relation to media is contained in the Communications Policy.

13. External Auditor

The Board should ensure that the external auditor attends the Annual General Meeting to be available to answer questions relating to the audit, the auditor's independence and the Auditors' Report.

14. Board Performance Evaluation

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.

15. Review of Board Charter

The Board will review the Board Charter annually.