



McPHERSON'S

ACN 004 068 419

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**NOMINATION AND REMUNERATION COMMITTEE CHARTER**

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**August 2018**

## **NOMINATION AND REMUNERATION COMMITTEE CHARTER**

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## **NOMINATION AND REMUNERATION COMMITTEE CHARTER**

### **1. Committee Structure**

#### **1.1. Membership**

- The Nomination and Remuneration Committee will consist of a minimum of three members.
- The majority of members of the Nomination and Remuneration Committee should be independent directors.

#### **1.2. Chairman**

- The Board shall appoint only one member as Nomination and Remuneration Committee Chairman.
- The Committee Chairman shall be an independent director.
- The Chairman of the Board may be appointed the Committee Chairman.

#### **1.3. Quorum**

The quorum for any Nomination and Remuneration Committee meeting shall be two members and may include the Committee Chairman.

#### **1.4. Meetings**

- Any director may attend a meeting of the Nomination and Remuneration Committee for the purposes of discussion but is not entitled to vote.
- The Nomination and Remuneration Committee will meet at least twice per annum and more often if deemed necessary.
- The Nomination and Remuneration Committee Secretary should attend all meetings to minute proceedings, subject to the discretion of the Committee.

#### **1.5. Appointment of Committee Secretary**

The Nomination and Remuneration Committee Secretary will be the Company Secretary.

#### **1.6. Right to Obtain Information**

The Nomination and Remuneration Committee is entitled to consult with expert advisers at the expense of McPherson's to seek expert advice where it considers it necessary to carry out its duties.

### **1.7. Reporting to the Board**

Recommendations from the Nomination and Remuneration Committee to the Board will be included in the Board Papers under items for decision by the Board and be accompanied by information supporting the recommendation to enable directors to make a considered decision. In addition the Chairman of the Nomination and Remuneration Committee will keep the board informed on the deliberations of the Committee.

## **2. Performance Evaluation**

The Nomination and Remuneration Committee will undertake a regular self-assessment process annually which includes:

- comparing of the Nomination and Remuneration Committee's practices with its Charter requirements;
- identifying any enhancements to the Nomination and Remuneration Committee Charter; and
- implementing practices designed to enhance the Nomination and Remuneration Committee's effectiveness.

## **3. Role and Responsibilities**

### **3.1. Nomination and Review Processes**

The Nomination and Remuneration Committee is established by the Board of directors to review, evaluate and make recommendations to the Board in relation to:

- a process for determining the necessary and desirable competencies of Board members and the assessment of those competencies;
- the appointment of suitably qualified candidates to the Board in accordance with board policy and the procedures set out in Appendix A of this charter; and
- the time required to fulfil the obligations of a non-executive director and whether directors are able to meet these expectations;
- the appointment of the Managing Director;
- a process for the review of the performance of the Board, Board Committees and individual directors;
- a process for the evaluation of the Managing Director;
- induction and continuing professional development programs for directors to maintain and develop their skills; and
- a process for the evaluation of the Board; Board Committees and individual directors; and
- Board, Managing Director and senior executive succession plans.

### **3.2. Remuneration Processes**

The Nomination and Remuneration Committee is established by the Board of directors to *annually* review in advance of the related budget and annual plan being finalised, evaluate and make recommendations to the Board in relation to the following matters in the context of the Board approved remuneration policies set out in Appendix B of this charter:

- Non-executive director remuneration;
- Staff incentive plans proposed by the Managing Director, including bonus, share, performance rights and option plans, the basis of their application amongst differing levels of staff and the determination of plan outcomes;
- Salary, benefits and total remuneration packages of the Managing Director and senior staff reporting to the Managing Director; and
- Employee succession planning to ensure the continuity and quality of management.
- Board succession planning to ensure the continuity and quality of the Board of Directors.

The Nomination and Remuneration Committee is required from time to time to review, evaluate and if appropriate *approve* the following:

- The Managing Director's recommendation for overall annual salary movements for business unit salary reviews;
- Salary, benefits and total remuneration package of individual executives as recommended by the Managing Director; and
- Substantial changes to the principles of McPherson's superannuation arrangements as recommended by the Managing Director.

The Committee Chairman shall ensure that the Board is properly informed on any matters which are recommended or approved by the Committee.

The Nomination and Remuneration Committee is required to review, evaluate and make recommendations as required from time to time to the Board in relation to:

- Policies for remuneration programs appropriate to McPherson's;
- Whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees;
- The company's recruitment, retention and termination policies and relevant procedures for executive/senior management; and
- Any report on executive remuneration which is required pursuant to any ASX Listing Rule or legislative requirement, or which is proposed for inclusion in the annual report.

## **Appendix A - Procedures for the Appointment of Directors**

### **1. Selection Criteria**

The selection criteria for the appointment and re-appointment of directors will normally be based on an analysis of the composition of the existing Board, its skill and experience, its independence requirements and its ambitions for the future.

### **2. Process for Director Appointment**

The Committee will undertake the following in conjunction with the search for and appointment of a Director:

- Consider the need to engage the services of an external consultant to broaden the selection of potential candidates for Board membership;
- Undertake appropriate background checks before appointing a person as a Director;
- Determine whether candidates comply with the McPherson's definition of independence;
- If required, arrange for the candidate to undertake due diligence of the company;
- Provide to the candidate a summary of Directors' and Officers' Insurance arrangements;
- Ensure that a letter of appointment is issued;
- Enter into a Director's Deed with the director consistent with the requirements set out in the Board Charter; and
- Provide shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director.

### **3. Process for Assessment of Directors' Independence**

Each candidate will prior to their appointment as a director provide to the company sufficient information to allow the Board to adequately assess their independence. Directors should subsequently ensure that updated information is provided to the Board if the circumstances relating to the assessment of their independence change.

## **Appendix B - Board Approved Remuneration Policies**

McPherson's remuneration policy and structure is to be equitable, competitive and consistent so as to assure the recruitment and retention of personnel of the capability, competence and experience necessary for the successful achievement of McPherson's strategies and goals.

Remuneration is accordingly set to the following principles:

- No individual may be involved directly in determining his/her remuneration. External advice will be sought, where appropriate, during this process.
- Remuneration disclosure to shareholders includes all benefits paid including
  - Base salary and incentives
  - Superannuation payments
  - Other benefits such as motor vehicles, loans etc.
- Incentive payments for executives are related to company performance, individual performance against goals, market conditions and independent expert advice where appropriate, and may include options or performance rights over shares in the company granted at the discretion of directors under McPherson's Share/Option Purchase Plan or the McPherson's Performance Rights Plan respectively.
- Remuneration for non-executive directors is determined by the Board within a maximum amount determined by shareholders from time to time at the Annual General Meeting. Non-executive directors are not entitled to participate in any incentive scheme.