



McPHERSON'S

ACN 004 068 419

RETAINED AND DELEGATED AUTHORITIES OF THE BOARD

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Contents

	Page
1 Authorities	1
1.1 Powers reserved for the Board	1
1.1.1 Managing Director and Senior Management	1
1.1.2 Board Committees	1
1.1.3 Financial	1
1.1.4 Policy	2
1.1.5 Other	2
2 Delegations to Management	3

1 Authorities

1.1 Powers reserved for the Board

This policy outlines those matters which require specific approval by the Board, and should be read in conjunction with more detailed descriptions of the Board powers, which are outlined in the roles and responsibilities of the Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee.

The following powers are specifically reserved for the Board:

1.1.1 Managing Director and Senior Management

- Appointment and removal of the Managing Director;
- Terms and conditions of employment of the Managing Director;
- Reviewing the performance of the Managing Director to pre-determined criteria on at least an annual basis;
- Executive Remuneration Policy;
- Ratification of the appointment and removal of the Chief Financial Officer and Company Secretary;
- Changes to the company's/group's management structure;
- Significant changes in current arrangements regarding Superannuation; and
- Significant changes in employee share schemes and the allocation of executive share options and performance rights.

1.1.2 Board Committees

- Approval of the Charters of Board Committees;
- Appointments to and removal from Board Committees;
- Considering and approving recommendations from the Audit Risk Management and Compliance Committee for the appointment and removal of the external auditors;

1.1.3 Financial

Approval of:

- Financial statements and any significant changes to accounting policies;
- The strategic plan and annual operating and capital budgets;
- Dividend payments;

- The issue of shares, options, performance rights, equity instruments or other securities;
- Major investments including the acquisition or disposal of significant interests in the voting shares of a company or the making of a takeover bid;
- Material contracts of the company not in the ordinary course of business (for example acquisitions, foreign currency transactions, acquisition and disposal of fixed assets, new, increased or restructured bank and other debt borrowing and the provision of guarantees.)
- The establishment, acquisition, cessation or disposal of any significant business.
- Substantial changes in the capital structure of subsidiary companies;
- Risk management plans; and
- The internal control framework and significant changes to it.

1.1.4 Major Policies

- The Ethics and Responsible Business Conduct Policy;
- The Securities Trading Policy;
- The Communications Policy;
- The approval of major treasury policies (including foreign exchange and interest rate exposures);
- The Occupational Health and Safety Policy; and
- The Environmental policy.

1.1.5 Other

- Approval of ASX disclosures;
- Any changes to delegations which have been previously approved by the Board;
- Formulation of policy regarding charitable and political donations; and
- Directors' and Officers' Liability Insurance.

2 Delegations to Management

2.1 Financial Delegations

The Board has approved the following financial delegations to the Managing Director. The Managing Director will have the authority to sub-delegate authority within these limits where considered appropriate.

- Operational expenditure within budget does not generally require Board approval.
- Capital expenditure with a value of over \$250,000 requires Board approval.
- The write off, write down or disposal of fixed assets with a value over \$250,000 requires Board approval;
- The impairment or write off of intangible assets (including goodwill and brands) of an amount over \$500,000 requires Board approval; and
- Capital expenditure with a value of over \$50,000 requires the Managing Director's approval.

In determining the value of an item or transaction for these purposes the value of the entire contract over time must be accounted for. For example a property lease would include the capitalised value of the lease payments over the term of the lease.

2.2 Specific Non Financial Delegations to Managing Director

- Powers of a non-financial nature are expressly given to the Managing Director in the following McPherson's policies:
 - Ethics and Responsible Business Conduct policy; and
 - Communications Policy
- The Managing Director must keep the Board informed of the developments relating to any significant litigation.