



MCPHERSON'S LIMITED
RETAINED AND DELEGATED AUTHORITIES OF THE BOARD

May 2020

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1. Policy Summary

This policy sets out those matters where related powers are specifically reserved for the Board and which require approval by the Board, and certain matters which are specifically delegated to management. The policy should be read in conjunction with more detailed descriptions of the Board powers which are set out in the Board Charter.

2. Powers Reserved for the Board

The following powers are specifically reserved for the Board:

2.1 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 strategy and policy;
- Ratification of the appointment and removal of the Chief Financial Officer and Company Secretary;
- Changes to the Company's or the corporate group's management structure;
- Significant changes in superannuation arrangements; and
- Significant changes in employee share schemes and the allocation of executive share options and performance rights.

2.2 Board Committees

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

2.3 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 joint venture interest, 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.
- Changes in the capital structure of the Company;
- Substantial changes in the capital structure of subsidiary companies;
- Risk appetite and risk management plans; and
- The internal control framework and significant changes to it.

2.4 Major Policies

Approval of:

- The Company's Statement of Values;
- The Board Charter;
- Retained and Delegated Authorities of the Board
- The Code of Conduct Policy;
- The Ethical and Responsible Business Conduct Policy;
- The Securities Trading Policy;
- The ASX Announcements and Communications Policy;
- The approval of major treasury policies (including those covering the incurring and hedging of foreign exchange and interest rate exposures);
- The Diversity and Inclusion Policy;
- The Conflicts of Interest Policy;
- The Workplace Health and Safety Policy; and
- The Whistleblower Policy.

2.5 Other

Approval of:

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

3. Delegations to Management

3.1 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 \$50,000 requires the Managing Director's 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 (either book or market) over \$250,000 requires Board approval; and
- The impairment or write off of intangible assets (including goodwill and brands) of an amount over \$500,000 requires Board approval.

In determining the value of an item or transaction for these purposes the value of the entire commitment or 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.

3.2 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:
 - The Ethical and Responsible Business Conduct policy; and
 - The ASX Announcements and Communications Policy

The Managing Director must keep the Board informed of the developments relating to any significant litigation.

4. Document Control

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