



McPHERSON'S

ACN 004 068 419

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**CONFLICTS OF INTEREST POLICY**

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**November 2018**

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## McPHERSON'S LIMITED – CONFLICTS OF INTEREST POLICY

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### **RELATED POLICIES AND DOCUMENTS:**

- *Board Charter*
- *Board Communications Policy*
- *Board Ethics and Responsible Business Conduct Policy*
- *MCP Code of Conduct Policy*

### **1. Application**

This policy applies to Directors of McPherson's Limited and members of the Senior Leadership Team.

### **2. Overview of Conflicts of Interest**

A conflict of interest may be actual, potential or perceived.

- An actual conflict of interest is where there is a real or material conflict between the Directors or member of the Senior Management Team and the performance of their duties in the best interests of the Company.
- A potential conflict of interest is an actual conflict of interest which may occur at some time in the future, either based on current circumstances or a change in circumstances.
- A perceived conflict of interest is where a third party may reasonably form the view, based on available information, that there may be a conflict of interest. A situation that looks like a conflict of interest may be enough to undermine stakeholder confidence, even if in fact there is no actual conflict or it has already been resolved.

A Director or manager owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company which require that the Director or manager acts in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or another person's or parties' interest.

The mere appearance of a conflict may be as serious and potentially damaging as an actual conflict. This may undermine trust and confidence in the Company by external parties and stakeholders which may not be adequately restored even when mitigating facts of the situation are brought to light. On this basis it has been determined by the Board that conflicts will be carefully and appropriately managed.

### **3. Scope of Policy**

This Conflicts of Interest Policy has been developed to provide a framework for all Directors of McPherson's and members of the Senior Leadership Team ("SLT") of the McPherson's group including McPherson's Limited and its wholly owned subsidiaries (collectively "McPherson's" or "the Company") to disclose actual, potential or perceived conflicts of interest.

This policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by McPherson's.

The Board of directors of McPherson's Limited ("Directors" or "the Board") has determined that this policy is applicable to all Directors and members of the SLT.

The Board is committed to managing actual, potential or perceived conflicts of interests in its business relationships.

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**4. Policy Objectives**

The objectives of this policy are to:

- Protect the integrity of the decision-making process of the Company by avoiding legal, financial, corporate, ethical and other conflicts of interests;
- Set out the requirements that all Directors and SLT members must comply with in order to avoid actual, potential or perceived conflicts of interest;
- Provide guidance for dealing with any conflict of interest in an open and transparent manner;
- Give all stakeholders confidence in the Company's decision-making processes; and
- Protect the integrity and reputation of the Company, the Directors and the SLT.

**5. Principles**

The Board is committed to the transparent disclosure, management and monitoring of actual potential or perceived conflicts of interest. All Directors have a duty to avoid actual, potential or perceived conflicts of interest under the Corporations Action 2001.

A Director or SLT member must avoid being placed in, or being seen to be placed in, an actual or potential situation of making a decision in relation to the business of the Company that might be affected by another business or material personal interest of the Director or the SLT member.

**6. Responsibilities**

Under this policy all Directors and SLT members are required to: (i) disclose actual, potential or perceived conflicts of interest on their appointment as a Director or SLT member; (ii) keep these disclosures up to date; and (iii) refrain from attempting to influence any decisions in which they have, may potentially have or be perceived to have a conflict of interest.

The Board will manage conflicts of interest under this policy through the following actions:

- (a) A Director shall promptly disclose to the Board, and an SLT member shall promptly disclose to the Company Secretary, any personal or outside interest, relationship, holding of office or position of responsibility (including without limitation, in connection with a legal, financial, corporate or ethical relationship), any direct or indirect interest in or involvement with a competitor, customer or supplier of goods or services to the Company, or otherwise held by the Director or SLT member with respect to (i) any current business undertaken by the Company or (ii) any actual or potential transaction, agreement or other matter which is or may be presented to the Board, the Company or the SLT for consideration even if such interest, relationship or responsibility has otherwise generally been disclosed to the Company or the Board.
- (b) At the commencement of each Board meeting: (a) Directors are required to disclose or amend a previously disclosed actual, potential or perceived conflict of interest; and (b) the Company Secretary will advise the Board of any new or amended disclosures made by SLT members since the previous Board meeting.

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- (c) The Company Secretary will respond to disclosures by:
- Recording in the minutes of the Board meeting a Director's disclosure of a conflict of interest generally or relating to a particular agenda item;
  - Record in the minutes of the next Board meeting a Director's conflict of interest disclosure made outside a Board meeting; and
  - Keeping copies of declarations and standing declarations of conflicts of interest in a Conflicts of Interest Register.
- (d) The Conflicts of Interest Register will record:
- Names, affiliations and conflicting agenda items of Directors;
  - Names, affiliations and details of conflicts disclosed by SLT members;
  - Conflicts identified and consequential actions taken;
  - Any reports considered by the Board on conflicts of interest matters; and
  - Copies of any written conflict of interest disclosures made to the Board or the Company Secretary.
- (e) The Conflicts of Interest Register will be tabled by the Company Secretary at Board meetings for Directors' consideration at six monthly intervals.
- (f) If a Director believes another Director or an SLT member has an undeclared conflict of interest they are required to specify the basis of their opinion either verbally or in writing prior to or at the commencement of the respective Board meeting through the Board Chairman for resolution. Should this issue not be resolved through discussion, final resolution rests with the Chairman. If a Director believes the Chairman has an undeclared conflict of interest they are required to specify the basis of their opinion either verbally or in writing prior to the respective Board meeting through the Company Secretary for resolution.
- (g) Where a conflict of interest matter has been raised prior to or at a Board meeting or in relation to a specific resolution, the Director concerned shall withdraw from the Board meeting and leave the room. The Director who has disclosed the conflict cannot vote on that item or take part in any formal Board discussion on that topic. The Chairman and remaining Directors can, on a case-by-case basis, reach agreement on an appropriate course of action.
- (h) For any conflict of interest, the Board, with the abstention of the interested Director(s), may decide whether such Director(s) may participate in any reporting, discussion or vote on the issue that gave rise to the conflict of interest. The Chairman may direct the Company Secretary or management to withhold any information on such matters from the Board papers and materials distributed to the applicable Director(s) and take all such other action necessary to comply with this policy.
- (i) Any Director with such an interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any reporting, discussions and any vote on the matter that gave rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.

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### **7. Review of Policy**

This policy shall be reviewed by McPherson's Board on a regular basis and if required be amended to suit the requirements of the Company and ensure compliance with the law.

### **8. Examples**

Some examples of actual or potential conflicts of interest follow:

1. An employee is a director of a company that supplies products to their employer.
2. A member of a company's board of directors accepts fees and provides advice to a company that is in competition with the company on whose board of directors they sit.
3. An employee holds shares in a company that provides similar products to similar customers as those of their employer.
4. An employee provides paid advice to a company which is negotiating a joint venture arrangement with their employer.

*Please note that these represent just a few clear examples of conflicts of interest and are in no way intended to be exhaustive.*