



25 August 2022

ASX: MCP

Company Announcements
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

Please find attached the McPherson's Limited Corporate Governance Statement and ASX Appendix 4G for the year ended 30 June 2022.

Authorisation:

This release has been authorised by the McPherson's Limited Board of Directors.

Yours sincerely,

Phil Bennett
Company Secretary



McPHERSON'S LIMITED

CORPORATE GOVERNANCE STATEMENT

2022

Board Approved: 24 August 2022

Corporate Governance Statement - 2022

This Corporate Governance Statement ('statement') outlines the key aspects of the McPherson's Limited Group's ('Company' or 'Group') corporate governance framework and main governance practices in place during the year ended 30 June 2022 and to the date of this report.

The Board of Directors is committed to achieving and maintaining the highest standards of corporate governance. This is considered to be essential for the long term performance and sustainability of the Group, and to protect and enhance the interests of securityholders and other key stakeholders.

Review of Corporate Governance Practices

The Company and Board regularly review the Group's governance practices, as well as developments in market practice generally, stakeholder expectations and regulation.

The Company undertook a comprehensive review of its corporate governance arrangements during the prior year, including with reference to the 4th Edition of the Corporate Governance Principles and Recommendations ("Corporate Governance Principles") issued by the ASX Corporate Governance Council, and the Board made a range of changes to the Company's Board charters and policies following that review.

The related Board and committee charters and Board policies have been subject to further review and update in 2022.

Board, Board Committee and Governance Changes in 2022

The major changes which occurred during the year ended 30 June 2022 are set out below:

Ari Mervis was appointed Board Chair and Graham Cubbin stepped down as Board Chair, each with effect from 21 July 2021. Ari has been an independent, non-executive director since 16 February 2021, and was appointed Deputy Chair of the Board on 27 April 2021.

Helen Thornton was appointed as an independent, non-executive Director on 20 December 2021. Helen is a non-executive director with extensive financial, risk management, audit and governance expertise, aligned with strong strategic capabilities, and leadership and relationship management skills, which complement the existing experience base of the Board.

Graham Cubbin retired from the Board with effect from 21 February 2022.

In February 2022 a comprehensive review was undertaken of the structure of the Board's supporting committees and their membership. Directors determined that the establishment of a new committee with a dedicated focus on the Company's risk management framework was appropriate, with a corresponding variation in the responsibilities of the existing Audit, Risk Management and Compliance Committee. At the same time the name of that committee was changed to 'Audit Committee'.

Changes were also made to the membership of the existing Board committees to reflect alignment with Directors' areas of knowledge and experience. All members of each committee were then and remain currently designated as Independent Directors.

The Board committee structure and committee memberships continue to be fully compliant with all relevant recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

With effect from 22 February 2022, Board committees have consisted of the following:

- Risk and Compliance Committee, with members comprising Alison Cook (Chair), Jane McKellar and Helen Thornton. The Risk and Compliance Committee has a primary responsibility regarding oversight of risk identification and risk mitigation, and includes matters pertaining to compliance and governance;

- Audit Committee, with members comprising Helen Thornton (Chair), Alison Cook and Ari Mervis. The Audit Committee has a primary focus on matters pertaining to internal controls, corporate reporting and audit; and
- People and Culture Committee, with members comprising Jane McKellar (Chair), Alison Cook and Ari Mervis. The People and Culture Committee will continue to have responsibility for Board and CEO nomination and review processes, remuneration policies and processes, and a range of other people and culture related policies and practices.

A charter for the Risk and Compliance Committee was developed, and the charter for the Audit Committee was amended to reflect the revised committee responsibilities.

Conformity with the 4th Edition of the ASX Corporate Governance Principles

The Group's corporate governance arrangements have conformed to the 4th Edition of the ASX Corporate Governance Principles for the whole of the year ended 30 June 2022 and to the date of this statement.

Corporate Governance Statement Approval

This Corporate Governance Statement has been approved by the Board and is current as at 24 August 2022. The statement outlines the Group's main corporate governance practices in place during the financial year ended 30 June 2022, and currently.

Copies of the governance documents referred to in this statement can be found in the Corporate Governance section of the McPherson's Limited website which is located at the following address:

<https://www.mcphersons.com.au/corporate-governance>

Principle 1: Lay solid foundations for management and oversight

The Board is ultimately responsible for the sound and prudent management of the Group.

The Board's role is to represent securityholders, to account for the Company's performance and deliver long-term securityholder value. The Board is therefore responsible for the Group's strategic direction, for monitoring and guiding management, for overseeing effective governance and for ensuring the Group's long-term financial security.

The Board directs management in the execution of business objectives, strategies and financial performance. Other than the responsibilities specifically reserved for the Board and its committees in their respective charters, responsibility for management of the Group's day-to-day business activities is delegated to the Managing Director who is accountable to the Board. The Managing Director is supported by the senior leadership team who report to the Managing Director.

The Board's role is documented in a Board Charter which sets out its main responsibilities and a range of related governance matters. The powers which are specifically reserved for the Board and the matters which require specific Board approval are set out in a Retained and Delegated Authorities of the Board document. As indicated above, the Board has a Risk and Compliance Committee, an Audit Committee, and a People and Culture Committee to assist in the execution of its responsibilities.

An outline of the Board's key responsibilities, as articulated in the Board Charter, is presented below:

- Demonstrating leadership;
- Defining the Company's purpose and setting its strategic objectives;
- Monitoring management's implementation of financial and other strategic objectives;

- Instilling and reinforcing a culture across the Company of acting lawfully, ethically and responsibly and in a manner consistent with its Statement of Values;
- Approving the Company's Statement of Values and Code of Conduct Policy at least annually;
- Appointing and where necessary removing the Board Chair;
- Appointing and where necessary removing the Managing Director;
- Approving operating budgets, major capital expenditure, acquisitions, joint venture arrangements and divestments;
- Monitoring capital management;
- Satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- Satisfying itself that an appropriate framework exists for relevant and accurate information to be reported by management to the Board;
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- Whenever required, challenging management and holding it to account;
- 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, the Company Secretary and other senior executives;
- Monitoring and evaluating the performance of senior executives annually;
- Satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- Reviewing its skills matrix on a regular basis to make sure it covers the skills needed to address existing and emerging business, taxation (including income tax and other relevant taxes) and governance issues relevant to the Company;
- Reviewing succession planning and management development (including considerations of gender diversity);
- Assessing the Board's own performance and that of each Director annually; and
- Assessing the performance of each Board committee annually.

Selection and Election of Directors

When a Board vacancy exists, or where it is considered that the Group would benefit from the services of a new Director with particular skills, the People and Culture Committee selects a panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for election at the next Annual General Meeting of securityholders. Prior to appointing a new Director, or putting forward to securityholders a new candidate for election as a Director, the Group ensures appropriate checks are undertaken including as to the person's character, experience and education, and performing searches for any criminal or bankruptcy history.

All material information known to the Group that is relevant to a decision on whether or not to elect or re-elect a Director is included in the relevant meeting materials provided to securityholders.

The Group has formal written agreements in place with each Director and senior executive. These agreements set out the terms and conditions of their appointment. With respect to Directors the terms and conditions of the appointment and retirement of Directors are set out in an agreement between the Company and each non-executive Director personally (called a "Director's Deed"). The Director's Deed also includes provisions relating to Directors' other rights and obligations.

Non-executive Directors are also required to sign a formal letter of appointment which sets out further details relating to their engagement and a number of additional obligations. Details regarding contractual arrangements with the Managing Director and other key management personnel (KMPs) are included in the Remuneration Report in the Group's 2022 Annual Report.

Company Secretary

The Group's company secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and advising the Board and its committees on governance related matters.

Diversity and Inclusion

The Group values diversity and inclusion and recognises the benefits they can bring to the Group's ability to achieve its goals. Accordingly, the Group has established a Diversity and Inclusion Policy which reflects the Group's commitment to providing a workplace environment in which employees have equal access to the opportunities available, where they are not judged by reference to unlawful or irrelevant attributes, and employees can experience a genuine feeling of inclusion.

The main objectives of this Policy are to ensure that McPherson's:

- Maximises the value of each employee's skills, values, background and experiences;
- Develops an inclusive workplace environment, so each employee can realise their full potential, regardless of their gender identity, age, disabilities, work status, marital or family status, religious or cultural identity and socio-economic background, perspective and experience;
- Has zero tolerance for discrimination, harassment, vilification or victimisation; and
- Adopts recruitment and selection practices at all levels which are appropriately structured so that a broad range of candidates are considered, and guarding against conscious or unconscious biases that may result in discrimination.

A diverse workforce is one that recognises and embraces the value that different people can bring to a company through their gender, age, ethnicity, ability, cultural background, marital status, sexual orientation and/or religious beliefs.

Inclusion refers to the adoption of workplace practices and behaviours which respond to people in order to ensure that each individual feels included in workplace activities. It involves both including people in opportunities and promoting a workplace in which individuals have a genuine sense of belonging.

McPherson's believes that promoting a diverse workforce:

- Enables the Company to achieve improved outcomes by benefiting from the differing perspectives and expertise that people from diverse backgrounds bring to their roles;

- Enables the Company to better attract, retain and motivate employees from the widest possible pool of available talent;
- Enables the Company to provide an enhanced service to its customers;
- Better represents the diversity of McPherson's stakeholders; and
- Is consistent with the Company's broader corporate governance principles, specifically as set out in McPherson's Ethical and Responsible Business Conduct Policy and McPherson's Equal Employment Opportunity Policy.

The Group promotes a diverse workforce by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications, abilities and aptitudes without regard to factors that are irrelevant to the person's skill or their ability to fulfil the inherent job requirements.

The Group has adopted the following initiatives to specifically assist with improving gender diversity:

- Operating mentoring and professional development programs targeted at female employees to prepare them for management positions;
- Promoting a safe work environment by taking action against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification);
- Recognising that employees (both female and male) at all levels may have domestic responsibilities and adopting flexible work practices that will assist them in meeting those responsibilities;
- Maintaining a paid parental leave scheme;
- Providing opportunities for employees on extended parental leave to maintain their connection with the Company;
- Promoting networking opportunities for women; and
- Supporting the promotion of women to management roles.

The Board establishes measurable objectives for achieving gender diversity in the composition of its Board, senior management and workforce generally, and considers the appropriateness of the objectives on at least an annual basis. The current gender diversity objectives are to:

- Maintain the strong representation of women within the Group by having the proportion of women employed by the Group at or above 50%;
- Increase the representation of women in executive positions, with the minimum target proportion being at least 50%; and
- Maintain the representation of women on the Board, with the target proportion being at least 50%.

For the purposes of its gender diversity objectives, the Board defines 'executive' as being employees of the Group who:

1. Hold primary responsibility for their department or business unit;
2. Influence organisational decision making; and
3. Report directly to the Managing Director or to a direct report of the Managing Director.

The following table sets out the Group's actual position in relation to gender diversity as at 30 June 2022:

	Male	Female	Total	Female Proportion %
Total employees (excluding executives)	94	227	321	70.7%
Number of executives	5	4	9	44.4%
Number of Directors on the Board	3	3	6	50.0%

Board Performance

A performance appraisal of the Board, its committees and individual Directors is conducted annually. The process normally involves:

- Directors completing questionnaires to assess the Board's and its committees' effectiveness and in meeting the requirements of their respective charters; and
- Individual Directors meeting with the Chair to provide feedback and discuss the review.

The Board as a whole then discusses and considers the results of the questionnaires and any recommendations are agreed as necessary. During the 2022 financial year, a self-assessment was conducted by the Board and each of its committees utilising the above processes.

Managing Director and Senior Leadership Team Performance

The Board, through its People and Culture Committee, ensures that an appropriate process is in place for evaluating the performance of the Managing Director and the other key senior leadership team members at least annually. This process normally involves the People and Culture Committee formally evaluating the performance of the Managing Director, and the Managing Director undertaking separate formal performance evaluations of the individuals comprising the senior leadership team.

During the financial year ended 30 June 2022, formal performance evaluations were undertaken in accordance with this process.

Principle 2: Structure the Board to be effective and add value

Composition of the Board

During the year ended 30 June 2022 the following Board changes occurred:

1. Ari Mervis was appointed Board Chair and Graham Cubbin stepped down as Board Chair, each with effect from 21 July, 2021.
2. Helen Thornton was appointed as an independent, non-executive Director on 20 December 2021.
3. Graham Cubbin retired from the Board with effect from 21 February 2022.

During the year ended 30 June 2022 the Board has therefore comprised either six or seven Directors, and comprised six Directors (namely five non-executive Directors and the CEO and Managing Director), at the date of this statement.

The Board is structured to be effective and add value, with each of the Directors having broad and relevant industry experience, as further set out in the Board Skills Matrix below.

All Directors other than the Managing Director and Geoff Pearce are independent non-executive Directors. The McPherson's Limited Board composition is in accordance with the Group's Board Charter and the ASX Corporate Governance Principles. All Directors, other than the Managing Director, stand for re-election by securityholders on a three year rotational basis as required by the Company's constitution and the ASX Listing Rules.

At the Company's Annual General Meeting ('AGM') in November 2021, the election of Ari Mervis and the re-election of Alison Cook and Geoff Pearce as Directors, were considered and approved. All matters voted on by securityholders at the AGM were considered as separate resolutions. Consistent with the Company's ASX Announcements and Communications Policy, each resolution was voted on by securityholders via a poll and not on a show of hands.

Summary information relating to the Directors on the Board of McPherson's Limited is set out below, including their date of appointment as a Director and length of service to the date of this statement. Further details pertaining to each of the Directors can be found in the Directors' Report in the Group's 2022 Annual Report:

Ari Mervis

Non-executive independent Director
Director since 16 February 2021 (1 year, 6 months)
Deputy Chair of the Board from 27 April to 21 July 2021
Chair of the Board since 21 July 2021

Jane M. McKellar

Non-executive independent Director
Director since 23 February 2015 (7 years, 6 months)
Chair of the People and Culture Committee since 27 April 2015

Grant W. Peck

Chief Executive Officer and Managing Director
Non-executive Director from 14 December 2017 until 10 December 2020 (3 years)
Chief Executive Officer and Managing Director since 10 December 2020 (1 year, 8 months)

Geoffrey R. Pearce

Non-executive non-independent Director
Director since 20 February 2018 (4 years, 6 months)

Alison J. Cook

Non-executive independent Director
Director since 24 July 2018 (4 years, 1 month)
Chair of the Risk and Compliance Committee since 22 February 2022

Helen L. Thornton

Non-executive independent Director
Director since 20 December 2021 (8 months)
Chair of the Audit Committee since 22 February 2022

In compliance with the Company's constitution and its Board Charter, the composition of the Board is determined using the following principles:

- The number of Directors must not be less than three. Directors may determine the size of the Board subject to this requirement;
- The Board is to be comprised of a majority of non-executive independent Directors;
- The Chair of the Board is to be a non-executive independent Director; and
- The Board should comprise Directors with a broad range of expertise both nationally and internationally that is relevant to the strategic direction of the Group.

Independence of Directors

The Board assesses the independence of Directors on their appointment and then at least annually. This assessment is made with reference to the definition of an independent Director contained in the ASX Corporate Governance Principles, namely:

An independent Director is "a director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity

to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than those of an individual security holder or other party generally.”

All facts and circumstances are 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 considered as being likely to affect a Director’s independent exercise of judgement. All Directors are required to advise the Board and / or company secretary at the earliest opportunity of any actual or potential conflicts of interest, or any changes to circumstances that may affect their independence.

Examples of interests, positions and relationships that might raise issues about the independence of a Director include if the Director:

- Is, or has been, employed in an executive capacity by the Company or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- Receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- Is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or any of its subsidiaries, or is an officer of, or otherwise associated with, someone with such a relationship;
- Is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- Has close personal ties with any person who falls within any of the categories described above; or
- Has been a Director of the Company for such a period that their independence from management and substantial holders may have been compromised.

The Board or the People and Culture Committee regularly assess the independence of each non-executive Director. The assessment is made at least annually at or around the time that the Board or the People and Culture Committee considers candidates for election or re-election to the Board. In the case of a change in a non-executive Director’s interests, positions or relationships, the assessment is made as soon as practicable after the Board or the People and Culture Committee becomes aware of the change.

The Independent Directors of the Company at the date of this statement are Ari Mervis, Jane McKellar, Alison Cook and Helen Thornton.

Grant Peck is not considered to be independent due to his executive role as Chief Executive Officer and Managing Director.

Geoff Pearce is not considered to be independent due his previous directorship of and ownership interest in the Aware Group, which remains an important and material product supplier to the Group. Even though Geoff no longer has an association with the Aware Group, the Board has determined that he should be considered non-independent due to the materiality of the supplier relationship, and the cessation of Geoff’s interest in the Aware Group having occurred relatively recently.

The Chair of the Board is an independent director, and a majority of Board members are independent directors.

Director Induction and Continuing Education

All new Directors participate in a formal induction process co-ordinated by the company secretary. This induction process includes briefings on the Group's strategy, financial, operational and key developments risk management matters, the governance framework, culture and values and in the Group, markets and countries in which the Group operates.

The Board also has a continuing education program in place for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Group's expense. Prior approval of the Board Chair is required, which approval is not to be unreasonably withheld. Approval would generally be granted whenever Directors judge such advice to be necessary for them to discharge their responsibilities as Directors.

People and Culture Committee

To assist in the execution of its responsibilities the Board has an established People and Culture Committee. In accordance with its charter, the People and Culture Committee is required to consist of at least three members and be comprised of a majority of independent Directors. The Committee's charter was amended during the current year and now also requires that all members of the committee are non-executive Directors.

The Group has fully complied with the Committee's charter and the relevant ASX Corporate Governance Principles during the financial year ended 30 June 2022 and to the date of this statement.

From 1 July 2021 until 22 February 2022 the People and Culture Committee was comprised of three members, two of whom (and therefore the majority) were independent Directors. During this period the Committee comprised Jane McKellar (Chair), Graham Cubbin and Grant Peck.

From 22 February 2022 the People and Culture Committee has been, and is currently comprised of three members, all of whom are independent non-executive Directors. From 22 February 2022 to the date of this statement the Committee has comprised Jane McKellar (Chair), Alison Cook and Ari Mervis.

The charter sets out the responsibilities of the People and Culture Committee which includes the following key matters:

Nomination and Review

- The establishment and maintenance of 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;
- The re-election of Directors;
- Establishing the time required to fulfil the obligations of a non-executive Director and whether Directors are able to meet these expectations;
- Matters relating to gender diversity including compliance with the Diversity and Inclusion Policy, the setting of key performance indicators for senior executives on gender participation and linking of such KPIs to an element of remuneration and the benchmarking the Company's diversity objectives and outcomes with peers;
- The appointment of the Managing Director;

- Establishing a process for the review of the performance of the Board, Board Committees and individual Directors;
- Establishing a process for the evaluation of the Managing Director;
- Establishing appropriate induction and continuing professional development programs for Directors to maintain and develop their skills to enable them to effectively discharge their duties and add value; and
- Board, Managing Director and senior executive succession planning.

Remuneration

- Salary, benefits and total remuneration packages (including short and long term incentives) of the Managing Director and senior staff reporting to the Managing Director;
- Salary, benefits and total remuneration package of other individual senior executives as recommended by the Managing Director;
- The Managing Director's recommendation for overall annual salary movements for business unit salary reviews;
- 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;
- Substantial changes to the principles of the Group's superannuation arrangements as recommended by the Managing Director;
- Employee succession planning to ensure the continuity and quality of management;
- Non-executive Director remuneration;
- 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
- The Remuneration Report contained within the annual Directors' Report or any other 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.

The Company's detailed remuneration policies covering the Managing Director, senior executives and non-executive Directors are set out in Appendix B of the People and Culture Committee Charter.

Other Employment Related Policies and Practices

The People and Culture Committee is required to review, evaluate and make recommendations as required from time to time to the Board in relation to other employment related policies and practices, including:

- Gender diversity and inclusion objectives and their achievement
- Employee wellbeing and engagement
- Employment assistance programmes
- Flexible working arrangements
- Parental leave policies
- Domestic violence support arrangements
- Mental health support

- Whistleblowing processes and events

The Committee also considers and makes recommendations to the Board on the Company’s policy regarding any minimum shareholding requirement in the Company’s securities by non-executive Directors. While non-executive Directors are generally encouraged to acquire and hold McPherson’s securities, there are no minimum shareholding requirements in place for non-executive Directors.

The People and Culture Committee Charter requires that the Committee undertakes a regular self-assessment process. Such a review was undertaken during the year ended 30 June 2022.

Audit Committee

As indicated earlier in the statement, the Board has an established Audit Committee. During the year and in conjunction with the Board’s review of its committees, the name of the Audit, Risk Management and Compliance Committee was changed to Audit Committee, and its charter amended to reflect a primary focus on matters pertaining to internal controls, corporate reporting and audit, each with effect from 22 February 2022.

Please refer below to “*Principle 4: Safeguard the integrity of corporate reports*”, for further details.

Risk and Compliance Committee

As indicated earlier in the statement, in conjunction with a review of its committees including their structure and membership, the Board established a Risk and Compliance Committee with effect from 22 February 2022. The Risk and Compliance Committee has a primary responsibility regarding oversight of risk identification and risk mitigation, and includes matters pertaining to compliance and governance.

Please refer below to “*Principle 7: Recognise and manage risk*” for further details.

Board Skills Matrix

The skills, experience and expertise of individual Directors are detailed in the Company’s 2022 Annual Report.

To assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership, the Board utilises a skills matrix which is reviewed by the Board on a regular basis to ensure it has the skills needed to address existing and emerging business, taxation (including income tax and other relevant taxes) and governance issues relevant to the Company. It is an important, but not the only, basis of criteria applying to Director appointments.

During the year ended 30 June 2022 the Board undertook an assessment of Directors’ skills.

The following skills matrix sets out the mix of skills, experience and expertise that the Board currently has based on each Director’s particular qualifications and background, and the outcome of the assessment:

Consumer, Brand Marketing and Sales	Executive Leadership and Strategy
Beauty, Health and Wellness	People and Culture
Supply Chain, Logistics and Manufacturing	Financial Acumen
Product Research, Development and Quality Control	Corporate Governance and Risk Management
Digital and Technology	ESG and Sustainability
Business Development; Mergers and Acquisitions	International Operations

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

The Board and the Group's senior executives are committed to acting lawfully, ethically and responsibly at all times and for creating a culture within the Group that promotes ethical and responsible behaviour.

In 2020 the Group adopted a new Statement of Values which sets out the fundamental guiding principles and required behavioural norms for the Company and the people within it. The Statement of Values establishes the expected standards of behaviour of the Directors, senior executives and all other employees of McPherson's as they work towards achievement of the Company's mission and strategic objectives. The Statement of Values is reviewed annually by the Board and updated as required.

The Statement of Values also defines the Company's culture and the framework through which it engages with its employees, customers and all other stakeholders. By being open, trustworthy and executing McPherson's strategy in a manner consistent with these values, the Company will achieve its key shared values and mission objective while operating in accordance with the community's and investors' expectations of acting lawfully, ethically and responsibly, and thereby also preserving, protecting and enhancing the Company's reputation and standing in the community.

The Group also has an established Ethics and Responsible Business Conduct Policy and a Whistleblower Policy, as well as a Code of Conduct for all employees.

These policies further prescribe the standards in accordance with which each Director and employee of the Group is expected to act. The policies cover issues such as professional conduct, integrity of information, dealing with customers, suppliers, governments and competitors, dealing with the community and other employees, computer network usage and environmental issues, and contain clear anti-bribery and anti-corruption measures.

Additional policies exist which provide clarity on a number of related matters, including:

- A requirement for employees to act ethically and maintain certain specific standards of conduct;
- Establishing the principles to be followed in ethically sourcing products and requiring compliance with Modern Slavery legislation ;
- Prescribing product supplier health and safety requirements;
- A requirement to ensure compliance with customer specific requirements; and
- Guidelines relating to product performance and content claims.

All Directors, senior executives and employees are required to maintain the standards of ethical conduct established by the Group in accordance with the Statement of Values and these policies.

Additionally, clear guidelines for Directors and employees intending to deal in McPherson's Limited securities are contained in the Company's Securities Trading Policy. In summary, the policy states that providing an individual is not in possession of unpublished price sensitive information, trading in the Company's securities is permitted, apart from the following periods during which trading in Company securities is prohibited:

- The period commencing one month before the end of the half year (i.e. from 30 November) until the day following the day on which the Company's half year results are announced; and
- The period commencing one month before the end of the full financial year (i.e. from 31 May) until the day following the day on which the Company's full year results are announced.

In July 2021 the Securities Trading Policy was amended and its requirements strengthened. From that date Directors, other key management personnel and senior executives must obtain prior written approval from the Chair or company secretary ahead of any proposed

trading in the Company's securities. Without such approval trading in the Company's securities is not permitted at any time.

Principle 4: Safeguard the integrity of corporate reports

Audit Committee

The Board has an Audit Committee which has a separate charter under which it operates. The charter was reviewed and amended during the year ended 30 June 2022 as a consequence of the establishment of a separate Risk and Compliance Committee. The main responsibilities of the Audit Committee under the amended charter are to assess the adequacy of the Company's internal control systems and maintain oversight of the financial reporting and audit functions, including undertaking the following:

Internal Control

- Monitoring compliance with the Company's documented standards and Policies and Procedures, including the Internal Control Framework document;
- Ensuring the processes and procedures covering the Company's products and brand integrity are sound and operating at the highest level to optimise the safety of customers and consumers; and

The Committee also has a responsibility to ensure the Company's financial statements reflect the understanding of the Committee members and otherwise provide a true and fair view of the financial position and financial performance of the Company. In this regard the Committee will undertake the following:

Financial Reporting

- Consider the appropriateness of the Group's accounting policies and principles and how those principles are applied;
- Ensure that accounting policies and principles are consistent with accounting standards;
- Assess the significance and appropriateness of estimates and judgments and choices exercised by management in preparing the financial reports and statements, by evaluating the process and data management used in making material estimates and judgements;
- Monitor the quality and reliability of the financial information prepared by management for approval by the Board;
- Review and report to the Board on the financial statements and related notes, and on the external auditor's audit of the financial statements and their accompanying report; and
- Review and assess management processes for ensuring compliance with laws, regulations and accounting standards relating to external reporting.

The Audit Committee charter specifically requires that relevant aspects of the Committee's review processes applied to financial statements which are subject to audit or audit review, are also applied to verify the integrity of any other periodic corporate reporting released to the market which are not subject to an audit or audit review, such as annual directors' reports.

External Audit

- Recommend to the Board the appointment and removal of the external auditor, review the terms of their engagement including arrangements for the rotation of external audit partners, and the scope and quality of the audit;

- Monitor auditor independence;
- Review the external audit plan, discuss audit results and consider implications of the external audit findings for the control environment; and
- Review the external auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for that fee.

Internal Audit

- Make recommendations to the Board on the structure of the internal audit function;
- Make recommendations to the Board on the appointment, and where necessary, the removal of the internal auditor;
- Consider the skills, qualifications, independence and objectivity of the internal audit function; and
- Review and monitor the quality and scope of work performed by the internal auditor.

The ASX Corporate Governance Principles relating to audit committees include the following:

- The committee should have at least three members, all of whom are non-executive Directors;
- The majority of the committee's members should be independent Directors; and
- The committee should not be chaired by the chairperson of the Board.

The Group has been in full compliance with its charter and the ASX Corporate Governance Principles in this regard during the financial year ended 30 June 2022, and to the date of this statement.

Composition of the Audit Committee

From 1 July 2021 until 22 February 2022 the Audit Committee was comprised of three members, namely Alison Cook, (Chair), Graham Cubbin and Jane McKellar.

From 22 February 2022 until the date of this statement the Board's Audit Committee has been comprised of three members, namely Helen Thornton (Chair), Alison Cook, and Ari Mervis.

Membership of the Audit Committee has comprised independent, non-executive Directors for the whole of the 2022 financial year and until the date of this statement.

The Chair of the Board and any other non-executive Director may attend Audit Committee meetings. The internal and external auditors, the Managing Director, the Chief Financial Officer and the Company Secretary are invited to Audit Committee meetings at the discretion of the Committee. The Committee is therefore able to meet without management being present, and ensures that it does meet with the external auditor without management being present on at least an annual basis.

The Company has engaged the services of an outsourced internal audit provider whose primary role is to assess the effectiveness of the Company's risk management, internal control and compliance system. The internal auditor is independent of the external auditor and is appointed by the Board on recommendation from the Audit Committee. The internal audit function undertakes regular reviews of Group businesses and key associated risks, and reports on the adequacy and effectiveness of the risk management, internal compliance and control systems in place directly to the Audit Committee.

The Committee meets with the internal and external auditors during the year to consider all aspects of their respective audit functions.

The Audit Committee requires that the external auditor attends the Annual General Meeting to answer questions from securityholders regarding the conduct of the audit, the independence of the auditor and the content of the audit report. The auditor's engagement partner, Ms. Paddy Carney of PricewaterhouseCoopers was present on-line at the company's virtual 2021 Annual General Meeting held in November 2021.

The names and qualifications of Audit Committee members and their attendance at meetings are detailed in the Company's 2022 Annual Report.

The Committee is required to undertake a process of self-assessment annually, to assess the effectiveness of the Committee. Such a review was undertaken during the year ended 30 June 2022.

Prior to the financial statements for a financial year or half year being presented to the Board for approval, the Managing Director and Chief Financial Officer are asked to provide the Board with a declaration that, in their opinion:

The financial records of the McPherson's Limited Group have been properly maintained in accordance with the Corporations Act;

- *The financial statements comply with the appropriate accounting standards and give a true and fair view of the Group; and*
- *The opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Principle 5: Make timely and balanced disclosure

It is the Company's policy to provide timely, open and accurate information to all stakeholders, including investors, regulators and other relevant parties. The Company has an ASX Announcements and Communications Policy to ensure compliance with the ASX Listing Rules requirements in relation to continuous disclosure, accountability for disclosure to the markets, for other securityholder communications and encouraging securityholder participation at Annual and other General Meetings.

The purpose of the ASX Announcements and Communications Policy is to:

- Promote accurate, effective and timely communication with securityholders of the Company;
- Ensure the Company complies with the continuous disclosure obligations under the ASX Listing Rules;
- Ensure the Company promptly and effectively responds to or prevents a false market in the Company's securities;
- Ensure that the confidentiality of corporate information is properly safeguarded and premature disclosure is avoided;
- Ensure that employees are aware of the importance of providing full and timely disclosure of the Company's activities to securityholders and the market, so that all stakeholders have equal access to company information which is externally available;
- Encourage effective participation by securityholders at General Meetings of the Company;
- Outline other considerations for securityholders to have the opportunity to express their views to the Company on matters of concern or interest to them; and
- Set out the framework and strategy for achieving these goals.

A copy of all information disclosed to the ASX is immediately provided to each Director and the information is also posted on the Company's website as soon as possible after it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX before the briefing commences and then posted on the Company's website.

The Company Secretary is the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, securityholders, the media and the public.

Principle 6: Respect the rights of securityholders

The Company has established a website which provides investors with ready access to information on the Group. This includes, among other items:

- Information about the Group's operations and its governance;
- Copies of ASX market announcements for the past three years; and
- Half-yearly and annual financial reports for the past three years.

As indicated above, all information disclosed to the ASX is posted on the Company's website immediately after it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX before the briefing commences and then posted on the Company's website.

The Board seeks to encourage participation of securityholders at the Annual General Meeting to ensure a high level of accountability. Important issues are presented as single resolutions. All resolutions at a meeting of securityholders are decided by a poll rather than being determined on a show of hands.

As indicated above in *Principle 5: Make timely and balanced disclosure*, the Company has an ASX Announcements and Communications Policy. This policy includes such matters as the Company's approach with respect to securityholder participation at general meetings and reporting to securityholders, including the ability to communicate with securityholders electronically.

Principle 7: Recognise and manage risk

The Board has ultimate responsibility for overseeing risk management and compliance across the Group. It is the role of management to design and implement an appropriate framework to identify and manage risk on an ongoing basis, to ensure that the Group operates within the framework and to satisfy itself the framework is sound.

The Board is responsible for setting the Group's tolerance to risk and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Until 22 February 2022 detailed consideration of these matters was delegated to the Audit Committee (until then named the Audit, Risk Management and Compliance Committee), and from 22 February 2022 is now delegated to the Risk and Compliance Committee, and regularly reviewed by the Board.

As set out in its charter, the primary purpose of the Risk and Compliance Committee is to oversee, review, evaluate and make recommendations to the Board in relation to:

- The Company's risk appetite and risk tolerance as determined by the Board;
- The Company's risk management and compliance environments;
- Responsibilities for risk oversight and management of identified risks;

- The Company's governance and exercising of due care, diligence and skill in relation to risk assessment, risk treatment and risk mitigation strategies;
- The manner in which the Company's risk management policy and strategy is communicated throughout the entity to ensure it is appropriately embedded as part of the Company's culture; and
- The monitoring and reporting of the above matters to the Board.

Under the terms of its charter, the Risk and Compliance Committee is required to undertake a process of self-assessment to assess the effectiveness of the Committee annually. As the Committee was recently constituted, the first such review will be undertaken during the year ended 30 June 2023.

Risk is an important consideration in the Group's decision making process and all risks and opportunities are adequately and appropriately assessed to ensure that unreasonable risk exposures are minimised. The Group's risk and compliance frameworks ensure that all risks and compliance obligations are properly identified and managed, that insurances are adequate and that processes are in place to ensure compliance with regulatory requirements.

The key risks are identified in an enterprise risk management report which, in addition to identifying and providing updates on key enterprise risks, is used to:

- Determine the effectiveness of controls to address risks assessed as extreme or high;
- Isolate and report indicators of mitigating controls and their effectiveness;
- Isolate and report any recent incidents pertaining to the risk area;
- Report recent action taken to improve risk management;
- Isolate any areas for potential improvement;
- Report how the Group's existing insurance program responds to each area of risk; and
- Assist in prioritising areas of focus for internal audit.

The key risks that have been identified as having the potential to materially affect the Group's economic and financial prospects include: workplace health and safety related risks; the impact of COVID-19 and future pandemics; a reduction in consumer sentiment and/or demand; deterioration in margins from an adverse foreign currency fluctuation; a decline in intangible asset valuation; inability to adequately finance operations (liquidity risk); raw material price fluctuation; loss of a major customer or deranging of a major product range; significant exposure to the China market; credit risk; key supplier redundancy; deficiency in product quality; adverse change in the regulatory landscape; social risks; loss of key management talent; non-compliance with debt facility undertakings; and cyber security and other digital disruption related threats. Further details regarding these risks are set out in the Company's Annual Report.

It is considered that the Company or its operations do not have a material exposure to environmental (including climate change) risks or social risks.

In this statement references to 'social risks' are as those risks are defined in the glossary of the 4th Edition of the ASX Corporate Governance Principles.

The Managing Director is accountable to the Board for the development and management of the Group's risk and compliance frameworks and is supported by the Chief Financial Officer in terms of adopting appropriate risk management and compliance processes, including regular and transparent reporting to the Risk and Compliance Committee. Each senior executive is responsible for the management of risk and compliance with relevant laws and regulations.

Internal Control and Compliance Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has established an internal control framework that can be described under the following headings:

- Financial reporting - a comprehensive budgeting system is in place with an annual budget approved by the Directors. Monthly actual results that are reported against budget and revised forecasts for the year are prepared regularly for internal use by Directors and management;
- ASX disclosure and compliance - the Group reports to securityholders on an annual basis and to the ASX half-yearly. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with the continuous disclosure requirements of the ASX Listing Rules, as set out in the Company's ASX Announcements and Communications Policy. The Company Secretary has primary responsibility for making recommendations to the Chair and Managing Director on whether information is price sensitive. Further details are included in the Company's ASX Announcements and Communications Policy;
- Management assurance – as indicated above the Managing Director and Chief Financial Officer are required to certify to the Board in connection with the half-yearly and full-year financial statements. Quality and integrity of personnel - the Group's personnel policies are detailed in internal policies, compliance with appropriate sections of which is mandatory by all operating units;
- Environmental controls - the Group has a specific policy under the terms of which it is mandatory for all business units within the Group to operate in a manner which complies with all applicable environmental laws, regulations and permits;
- Operating business controls - financial controls and procedures including information systems controls are detailed in the internal policies;
- Functional specialty reporting - the Group has identified a number of key areas which are subject to regular reporting to the Board including employee safety, environmental, foreign currency hedging, legal and insurance matters; and
- Investment appraisal - the Group has clearly defined guidelines for proposed capital expenditure or investment in other businesses, joint ventures or new agency arrangements. These include annual budgets, detailed justification and review procedures, levels of authority and comprehensive due diligence requirements.

Principle 8: Remunerate fairly and responsibly

Remuneration Policy

The Group's remuneration policy and structure is equitable, competitive and consistent so as to ensure the recruitment and retention of personnel of the capability, competence and experience necessary for the successful achievement of the Group's strategies and goals. The Group's People and Culture Committee has primary responsibility for the Group's overall remuneration policy and framework.

Further information regarding the Committee, and its composition and objectives is set out in "*Principle 2: Structure the Board to be effective and add value*" above, under the heading 'People and Culture Committee'.

Remuneration is set according to the following broad principles:

- No individual may be involved directly in determining his or her remuneration. External advice in relation to remuneration will be sought, where appropriate;

- Remuneration disclosure to securityholders will at a minimum comply with the requirements of legislation and Accounting Standards and reflect all benefits including:
 - Base pay and benefits;
 - Short term performance incentives;
 - Long term performance incentives;
 - Post employment benefits including superannuation; and
 - Termination benefits.
- 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 and/or performance rights over shares in the Company granted under the McPherson's Limited Employee Performance Rights Plan at the discretion of the Board or the People and Culture Committee in order to align outcomes with the interests of securityholders; and
- Remuneration for non-executive Directors is determined by the Board within a maximum aggregate amount approved by securityholders from time to time at the Annual General Meeting. Non-executive Directors are not entitled to participate in any incentive scheme.

Where considered necessary, Directors may obtain independent advice on the appropriateness of remuneration packages.

Any Director who serves on or chairs a Board committee, or who devotes special attention to the business of the Group outside the scope of their ordinary duties, may receive an additional payment commensurate with the extra duties performed.

During the year ended 30 June 2022 the structure of Committee fees was reviewed by the Board to ensure consistency across each of its Committees, and remuneration levels are now applied equally across all Committees. The level of fees being paid to committee members was reduced in recognition of fees now being paid to members of the Risk and Compliance Committee.

Prior to February 2022, non-executive Directors received additional fees for their role as Chair and membership of the Audit Committee, and the Chair of the People and Culture Committee also received an additional fee, however other members of that committee did not. From February 2022, the Chair and members of each committee receive fees in connection with these additional responsibilities, and the fee levels are the same for each committee.

The Company's detailed policies covering remuneration of the Managing Director, senior executives and non-executive Directors are set out in Appendix B of the People and Culture Committee Charter.

The Company's Securities Trading Policy contains a restriction on removing the 'at risk' aspect of options, performance rights or other instruments granted to executives. Performance Rights Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of options, performance rights or other instruments before they vest.

Information regarding Directors' and other key management personnel remuneration is set out in the Remuneration Report within the Group's 2022 Annual Report.

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

McPherson's Limited

ABN/ARBN

98 004 068 419

Financial year ended:

30 June 2022

Our corporate governance statement¹ for the period above can be found at:²

- These pages of our annual report:
- This URL on our website:
<https://www.mcphersons.com.au/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 24 August, 2022, and has been approved by the Board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 25 August, 2022

P. R. Bennett
Company Secretary

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of our diversity and inclusion policy at:</p> <p>https://www.mcphersons.com.au/corporate-governance</p> <p>and we have disclosed the information referred to in paragraph (c) in our Corporate Governance Statement.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) process in our Corporate Governance Statement, and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) process in our Corporate Governance Statement, and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE		
2.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: https://www.mcphersons.com.au/corporate-governance and the information referred to in paragraphs (4) and (5) in our Corporate Governance Statement and Annual Report respectively.	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<input checked="" type="checkbox"/> and we have disclosed our board skills matrix in our Corporate Governance Statement.	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: in our Corporate Governance Statement. The information referred to in paragraph (b) is not applicable. (c) The length of service of each director is disclosed in our Corporate Governance Statement.	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of the charter of the committee at: https://www.mcphersons.com.au/corporate-governance and the information referred to in paragraphs (a) (4) and (5) in our Annual Report.</p> <p>(b) N/A.</p>	<p><input type="checkbox"/></p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: https://www.mcphersons.com.au/about-us https://www.mcphersons.com.au/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders in our Corporate Governance Statement.	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input checked="" type="checkbox"/></p> <p>We have disclosed a copy of the charter of the committee at: https://www.mcphersons.com.au/corporate-governance and the information referred to in paragraph (a) (4) of our Corporate Governance Statement and the information referred to in paragraph (a) (5) in our Annual Report.</p> <p>(b) N/A.</p>	<input type="checkbox"/> Set out on in our Corporate Governance Statement
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in of our Corporate Governance Statement.</p>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<input checked="" type="checkbox"/> and we have disclosed how our internal audit function is structured and what role it performs in our Corporate Governance Statement (b) N/A.	<input type="checkbox"/> set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks in our Annual Report.	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/> and we have disclosed a copy of the charter of the committee at: https://www.mcphersons.com.au/corporate-governance</p> <p>and the information referred to in paragraphs (a) (4) and (5) in our Corporate Governance Statement and Annual Report respectively.</p> <p>(b) N/A.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in our Corporate Governance Statement and the Remuneration Report in the Annual Report respectively.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it in our Securities Trading Policy at: https://www.mcphersons.com.au/corporate-governance</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES - NOT APPLICABLE			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES – NOT APPLICABLE			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>