



# McPherson's Limited

ACN 004 068 419

## Notice of Annual General Meeting

**TUESDAY, 23 NOVEMBER 2021 AT 11.00 AM**

**The Annual General Meeting of McPherson's Ltd (MCP) will be held online on Tuesday, 23 November 2021 at 11.00am (AEDT).**

### **MCP is Holding a Virtual Annual General Meeting in 2021**

**You will be able to participate in the AGM online using your computer, your smart phone or other mobile device. There will not be a physical venue for you to attend.**

You can participate in the AGM by entering this link in your browser:

<https://web.lumiagm.com/371792891>

Please also see the Virtual AGM Online Guide, which can be accessed online from the MCP website at:

<https://www.mcphersons.com.au/agm> or at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)



ACN 004 068 419

## Notice of Annual General Meeting

Tuesday 23 November 2021 at 11.00 a.m.

***Notice is hereby given that the Annual General Meeting of McPherson's Limited ('the Company' or 'MCP') will be held virtually, on Tuesday, 23 November 2021 at 11.00 a.m. (AEDT).***

### **MCP is Holding a Virtual Annual General Meeting in 2021**

The health and wellbeing of our Shareholders and employees is of paramount importance to MCP.

Given the evolving situation from the coronavirus (COVID-19) pandemic, in particular related public health concerns, MCP will be holding its 2021 Annual General Meeting (**AGM**) online as a virtual meeting.

There will not be a physical venue for Shareholders to attend.

To give Shareholders a reasonable opportunity to participate, Shareholders may attend the AGM virtually using the Lumi online platform.

Lumi enables Shareholders to:

- See the AGM presentation materials and listen to the AGM live;
- Vote online during the AGM; and
- Ask questions and make comments online during the AGM either in written form or verbally through the Lumi platform.

Voting on all resolutions at the AGM will be conducted by a poll.

Shareholders may also cast their votes by appointing a proxy (preferably the Chairman of the Meeting) online at [www.investorvote.com.au](http://www.investorvote.com.au) by 11:00am (AEDT) on Sunday 21 November 2021.

In the event of a technological failure that prevents Shareholders from having a reasonable opportunity to participate in the AGM, MCP will provide an update on its website and via the ASX announcements platform to communicate the details of any postponed or adjourned AGM to Shareholders.

If it becomes necessary to make further alternative arrangements for holding the AGM, Shareholders will be given as much notice as practicable. Further information will be made available on MCP's website:

<https://www.mcphersons.com.au/agm>

**For further information relating to the AGM, please see:**

- **Page 3 - Business of the Meeting and Agenda Items**
- **Page 5 - Information for Shareholders, including how to access the AGM on-line and vote**
- **Page 8 - Explanatory Notes for Shareholders**



# McPherson's Limited - Annual General Meeting 2021

## Business of the Meeting

### Agenda Items

---

#### 1 Financial Statements and Reports

To consider the Financial Statements, the Directors' Report and the Auditor's Report for the Company for the year ended 30 June 2021.

#### 2 Remuneration Report

To adopt the Remuneration Report for the Company for the financial year ended 30 June 2021.

In accordance with the Corporations Act 2001 (Cth) (**Corporations Act**), this resolution is advisory only and does not bind the Company or the directors of the Company (**Directors**). The Directors will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

#### 3 Election of a Director – Mr. Ari Mervis

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“To elect as a director of the Company, Mr. Ari Mervis, who having been appointed a director of MCP on 16 February 2021 in accordance with the Company's Constitution, offers himself for election as a director of MCP.”

Relevant information about Mr. Mervis is set out in the attached Explanatory Notes to this Notice of Annual General Meeting.

#### 4 Re-election of a Director – Ms. Alison Cook

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“To elect, as a director of the Company, Ms. Alison Cook, who retires by rotation as a director in accordance with the Company's Constitution and the ASX Listing Rules and offers herself for re-election.”

Relevant information about Ms. Cook is set out in the attached Explanatory Notes to this Notice of Annual General Meeting.

#### 5 Re-election of a Director – Mr. Geoff Pearce

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“To elect, as a director of the Company, Mr. Geoff Pearce, who retires by rotation as a director in accordance with the Company's Constitution and the ASX Listing Rules and offers himself for re-election.”

Relevant information about Mr. Pearce is set out in the attached Explanatory Notes to this Notice of Annual General Meeting.

#### 6 Approval of Issue of Performance Rights to the Managing Director, Mr. Grant Peck, under the McPherson's Limited Performance Rights Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.14, and for all other purposes, the grant of performance rights and shares on exercise of such performance rights to Mr. Grant Peck, the Managing Director of the Company, under the McPherson's Limited Performance Rights Plan and his employment agreement with the Company, is approved on the terms set out in the attached Explanatory Notes to this Notice of Annual General Meeting.”

Other than Mr. Peck, none of the other Directors has an interest in the outcome of this resolution. However, as the other Directors are "Key Management Personnel" (**KMP**) for the purposes of the Corporations Act, a voting exclusion statement applies as set out on page 19 of this Notice of Annual General Meeting. For those reasons, the Directors will not be making recommendations as to voting on this resolution.

“Key Management Personnel” or “KMP” has the same meaning as in the accounting standards and broadly speaking includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The Company’s Remuneration Report for the financial year ended 30 June 2021 identifies the Company’s KMP for that financial year. Their “closely related parties” are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

**By Order of the Board**



P.R. Bennett  
Secretary

Dated: 22<sup>nd</sup> October 2021

---



## Information for Shareholders

### 1. Explanatory Notes

The accompanying Explanatory Notes on pages 8 to 20 form part of this Notice of Annual General Meeting and should be read in conjunction with it.

### 2. Voting by a Poll

All resolutions will be voted on by a poll.

### 3. Required Majority

All of the resolutions in Agenda Items 2 to 6 set out in the Business of the Meeting above are ordinary resolutions, and each will be passed if at least 50% of votes cast by Shareholders entitled to vote on the resolution are cast in favour of the resolution.

### 4. Voting and Proxies

Shareholders are encouraged to vote on the AGM resolutions by completing and submitting a proxy form in advance of the AGM. See also section 8 'Voting at the Meeting' on page 7.

#### 4.1 Eligibility to Vote

The Company has determined in accordance with the Corporations Act that for the purpose of voting at the AGM or adjourned meeting, fully paid ordinary shares in the Company (**Shares**) will be taken to be held by those persons recorded in the Company's Register of Members as at 11.00a.m. (AEDT) on Sunday 21 November 2021 (**Shareholders**). Transactions registered after that time will be disregarded in determining Shareholders' entitlement to vote at the AGM.

#### 4.2 Appointing a Proxy

In the interests of public health and safety as a result of COVID-19, the AGM will be held entirely virtually and there will be no physical venue for Shareholders to attend. Shareholders may participate in the AGM online via the Lumi platform using a computer, smartphone or other mobile device. Even though the AGM is being held entirely online, you may still participate by lodging a proxy vote prior to the AGM.

Any Shareholder entitled to attend and vote can appoint a proxy to attend and vote instead of the member.

Instructions on how to appoint a proxy are on the online voting website [www.investorvote.com.au](http://www.investorvote.com.au).

A proxy need not be a Shareholder and may be an individual or a body corporate. The Shareholder, or the Shareholder's attorney (who has not received any notice of revocation of the authority) must sign the proxy form. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where two proxies are appointed, each proxy may be appointed to represent a specified proportion or number of the member's voting rights. If the member does not specify the proportion or number of the member's voting rights that each proxy is to represent, each proxy will be entitled to exercise half the member's votes.

#### 4.3 Lodging Your Proxy Form

Proxies should be lodged online at: [www.investorvote.com.au](http://www.investorvote.com.au) by 11.00am (AEDT) on Sunday, 21 November 2021.

To use this facility, you will need your six-digit Control Number and your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which are located on your proxy form. You will also need your registered postcode or domicile code. You will be deemed to have signed your proxy form if you lodge it in accordance with the instructions on the website.

Alternatively, you can lodge your completed and signed proxy form (together with any power of attorney or other authority under which the appointment was signed, or a certified copy of the authority, letter of representation, or power of attorney) by 11.00am (AEDT) on Sunday, 21 November 2021 by mail or facsimile, as follows:

(a) By Mail to:  
Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne, VIC 3001  
Australia

(b) By Fax to:  
Computershare Investor Services Pty Limited  
1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

Intermediary Online subscribers only (custodian voting) may visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit their voting intentions.

#### **4.4 Directed Proxies**

You are encouraged to appoint the Chairman of the meeting as your proxy, and to actively direct your proxy how to vote on each item of business by marking the appropriate boxes on the proxy form.

If you appoint the Chairman of the meeting as your proxy, or the Chairman of the meeting becomes your proxy by default, and you direct the Chairman how to vote on an item of business, the Chairman must vote in accordance with your direction. If you do not mark a voting box, then by completing and returning the proxy form you will be expressly authorising the Chairman of the meeting to vote in respect of the relevant item of business as he sees fit, even though the item may be connected directly or indirectly with the remuneration of a member of the KMP of the Company. The Chairman of the meeting intends to vote all undirected proxies in favour of each resolution.

#### **4.5 Last Date to Submit Proxy Form**

In order to be valid, the properly completed form of proxy must be lodged using one of the methods shown in 4.3 above not less than 48 hours before the time appointed for holding the AGM, that is by 11.00am (AEDT) on Sunday, 21 November 2021.

### **5. Corporate Representatives**

Corporate Shareholders and corporate proxies who wish to appoint a representative to attend and vote at the AGM on their behalf, must provide that person with a properly executed letter or other document confirming that they are authorised to act as their representative in accordance with section 250D of the Corporations Act. A form of authorisation may be obtained from Computershare. A copy of the authorisation must be lodged with the Company's registrar (Computershare) before the AGM.

### **6. Participating at the Meeting On-line**

You will be able to participate in the AGM online using your computer, your smartphone or other mobile device. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

You can participate in the AGM by entering this link in your browser:

<https://web.lumiagm.com/371792891>

**OR**

by following the link that will be made available on McPherson's website at:

<https://www.mcphersons.com.au/agm>

Further information about how to log in to the Lumi platform, to register for the meeting, and to participate in the meeting as a Shareholder is available in the [Virtual AGM Online Guide](#), which you can access online from the MCP website at:

<https://www.mcphersons.com.au/agm>

or from Computershare at: [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide)

## **7. Asking Questions – Before and At the Meeting**

Submitting questions or comments ahead of the AGM is encouraged. You can submit a question or comment prior to the AGM at [www.investorvote.com.au](http://www.investorvote.com.au).

Written questions (including questions to the Auditor) should be submitted no later than the fifth business day before the AGM, namely by Tuesday 16 November 2021. Written questions to the Auditor should relate to the content of the Auditor's Report, the conduct of the audit of the Financial Report and the Auditor's independence.

You may also submit your questions and comments online either in written form or verbally during the AGM via the Lumi platform.

The Chairman of the meeting will endeavour to address as many of the more frequently raised relevant questions and comments as possible during the course of the AGM. However, there may not be sufficient time available at the AGM to address all of the questions and comments raised. Please note that individual responses will not be sent to Shareholders.

The Auditor will also be in attendance at the virtual AGM.

## **8. Voting at the Meeting**

Shareholders are encouraged to vote on the AGM resolutions by completing and submitting a proxy form in advance of the AGM using one of the methods set out in section 4 - Voting and Proxies above.

Voting at the AGM can also be done live and online during the AGM using the Lumi platform.

In accordance with MCP policy, voting on all items of business will be conducted on a poll. The Chairman of the meeting will open the poll at the beginning of the AGM and the poll will remain open until the close of the AGM.



## Explanatory Notes for Shareholders

These Explanatory Notes form part of the Notice of Annual General Meeting and have been prepared to assist Shareholders to understand the items of business to be considered at the meeting. The Explanatory Notes are important and should be read carefully by Shareholders.

### Agenda Item 1: Financial Statements and Reports

There is no requirement for shareholders to approve the financial statements and reports. However, the Chairman of the meeting will allow a reasonable opportunity for shareholders' questions or comments on the financial statements and audit, and the operations of MCP to be considered. Shareholders are encouraged to submit questions at least 5 business days before the meeting but can also submit questions on-line during the meeting.

The financial statements and reports for the year ended 30 June 2021 are available on the Annual General Meetings page of the McPherson's website.

### Agenda Item 2: Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2021 is set out on pages 35 to 56 of MCP's FY2021 Annual Report.

The Remuneration Report contains details of the Company's policy for determining the remuneration for Directors and senior executives. It includes information on the methodology adopted and the elements of remuneration which are fixed and those which are related to performance.

In accordance with the *Corporations Act*, this resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

#### 2.1 Board Recommendation

Noting that each Director has a personal interest in his or her own remuneration from the Company, the Directors recommend that Shareholders vote in favour of this resolution.

#### 2.2 Voting Exclusion

In accordance with the *Corporations Act*, the Company will disregard any votes cast in respect of Agenda Item 2:

- (i) by or on behalf of a member of the KMP of the Company whose remuneration is disclosed in the Remuneration Report and a closely related party of such KMP; and
- (ii) by a proxy who is a member or a closely related party of any KMP of the Company.

However, the Company need not disregard a vote if:

- (i) It is cast by a person (including the KMP or their closely related parties) as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) It is cast by a person chairing the meeting as proxy for a person who is entitled to vote, where the proxy form does not specify the way the proxy is to vote on this Agenda Item but expressly authorises the person chairing the meeting to exercise the proxy even if this Agenda Item is connected directly or indirectly with the remuneration of a member of the KMP of the Company. The person chairing the meeting intends to vote all available proxies in favour of this Agenda Item.

### Agenda Item 3: Election of a Director – Mr. Ari Mervis

Mr. Mervis was appointed an Independent Non-Executive Director of McPherson's Limited on 16 February 2021, appointed Deputy Chairman on 27 April 2021, and appointed Chairman of the Board with effect from 21 July 2021.



Mr. Mervis is a professional company director with global experience spanning a range of industries in branded goods, consumer staples, agriculture, food and beverages. Mr. Mervis has vast experience having lived and operated businesses in complex geographies and having led and been involved in both listed and unlisted companies, as well as joint venture structures and not for profit organisations. His experience is further enhanced through having actively participated in significant mergers and acquisitions, and divestments, including post-acquisition integration and synergy delivery.

Mr. Mervis was most recently Executive Chairman for Accolade Wines and prior to that was CEO and Managing Director for Murray Goulburn. Before that he had a successful career at SABMiller, culminating as CEO for CUB and MD for the Asia Pacific region. He was also Chairman of China Resources Snow Beer, SABMiller India and SABMiller Vietnam.

Mr. Mervis holds a Bachelor of Commerce from the University of Witwatersrand, South Africa, with majors in Economics, Commercial Law and Marketing.

The Directors (other than Mr. Mervis) support the election of Mr. Mervis as those Directors consider that Mr. Mervis is already making a significant and positive contribution to the company as a Director. The Board (other than Mr. Mervis) strongly and unanimously supported his appointment as Chairman following the decision made in July 2021 by then Chairman Mr. Graham Cubbin to step down from the position.

Mr. Mervis was appointed as a non-executive director of Myer Holdings Limited with effect from 20 September 2021. He currently has no other directorships in ASX listed companies.

#### **Board Recommendation**

The Directors (other than Mr. Mervis) recommend that Shareholders vote in favour of the resolution for Mr. Mervis' election.

#### **Agenda Item 4: Re-election of a Director – Ms. Alison Cook\***

Ms. Cook was appointed an Independent Non-Executive Director of McPherson's Limited on 24 July 2018. She was appointed as a member and Chairman of the Audit, Risk Management and Compliance Committee on 19 January 2021.

Ms. Cook has more than 30 years of leadership and executive management experience in Australasia across a diverse range of functions within the biopharmaceutical and health services sectors. Her experience includes product manufacturing, quality systems, logistics, sales and marketing, as well as research and development. Ms. Cook is also familiar with the regulatory environment that governs the healthcare market. In addition to these technical and operational activities, Ms. Cook has been involved in corporate acquisitions and divestments as well as the strategic planning process.

Ms. Cook has recently held the positions of Chief Operating Officer and then Chief Executive Officer of Genetic Technologies Limited, an ASX and NASDAQ listed leading edge genetic testing services business.

Ms. Cook holds a Bachelor of Science and a Master of Science (Microbiology), has undertaken the Executive Development Programme at Melbourne Business School and is a Graduate of the Australian Institute of Company Directors.

The Directors (other than Ms. Cook) support the re-election of Ms. Cook as those Directors consider that Ms. Cook makes a significant and positive contribution to the company as a Director and more recently through her Chairmanship of the Audit, Risk Management and Compliance Committee.

Ms. Cook currently has no other directorships in ASX listed companies.

#### **Board Recommendation**

The Directors (other than Ms. Cook) recommend that Shareholders vote in favour of the resolution for Ms. Cook's re-election.

*\*Ms. Cook changed her name from Alison Mew to Alison Cook in February 2021.*

#### **Agenda Item 5: Re-election of a Director – Mr. Geoff Pearce**

Mr. Pearce was appointed a Non-Executive Director of McPherson's Limited on 20 February 2018.

Mr. Pearce has more than 40 years of experience in the pharmaceutical, cosmetic and personal care industries. He has extensive experience in pharmaceutical and cosmetic manufacturing as well as raw

material sourcing and product distribution, having established, operated and grown a number of personal care businesses in these industries.

Mr. Pearce is the Chairman of Aware Environmental Ltd, a key supplier of McPherson's Limited.

Given the importance and materiality of the Aware supplier relationship, the Board does not consider Mr. Pearce to be an independent Director.

The Directors (other than Mr. Pearce) support the re-election of Mr. Pearce as those Directors consider that Mr. Pearce makes a significant and positive contribution to the company as a Director, particularly given his significant and relevant experience in the pharmaceutical and personal care industries.

Mr. Pearce is a non-executive Director of ASX listed company Cann Group Limited.

### **Board Recommendation**

The Directors (other than Mr. Pearce) recommend that Shareholders vote in favour of the resolution for Mr. Pearce's re-election.

## **Agenda Item 6: Approval of Issue of Performance Rights to the Managing Director, Mr. Grant Peck, under the McPherson's Limited Performance Rights Plan**

### **6.1 Background Information**

Mr. Grant Peck was a non-executive Director on the McPherson's Limited board since December 2017. On the resignation of the previous Managing Director and Chief Executive Officer (Mr. Laurie McAllister) on 9 December 2020, Mr. Peck was initially appointed to the position of Managing Director and Chief Executive Officer of McPherson's Limited on an interim basis on 10 December 2020.

Following a comprehensive search and selection process, Mr. Peck was appointed Managing Director and Chief Executive Officer of McPherson's Limited on a permanent basis with effect from 31 March 2021.

In that regard the Company entered into an agreement with Mr. Peck in relation to his permanent appointment, employment and remuneration, and as required under the Corporations Act and the Listing Rules of the Australian Securities Exchange (**ASX Listing Rules**), shareholder approval is sought under Agenda Item 6 for certain benefits to be provided to him in connection with his position.

The approval being sought in Agenda Item 6 relates to the grant of performance rights to Mr. Peck in the current year. Shareholder approval for the grant of performance rights to Mr. Peck in later years is not presently being sought.

Further and comprehensive details with respect to this Agenda Item are set out below.

### **6.2 Summary of McPherson's Performance Rights Plan**

The issuing of performance rights is a recognised practice in Australia as part of the remuneration of senior executives. A summary of the operation and terms of the PR Plan is set out below:

- The PR Plan is open to certain senior management and executive Directors of the Company or of any subsidiary of the Company, as determined by the Board.
- The Board may invite eligible persons to participate in the PR Plan. Participation is voluntary. The Board may determine the number of performance rights to be issued under the PR Plan (**Rights**) and other terms of issue of Rights under the PR Plan.
- All Rights are granted at a nil issue price and nil exercise price unless otherwise determined by the Board and each Right enables the holder to be issued one Share upon exercise, subject to the rules governing the PR Plan (**Plan Rules**).
- Subject to the Corporations Act and ASX Listing Rules, the Company may financially assist a person to pay for the grant of a Right or pay any exercise price in respect of a Right. However, as it is intended that all Rights be granted at a nil issue price and exercise price, it is not intended that the Company will make any loans in relation to the acquisition of Rights.

- Rights holders are not permitted to participate in new issues of securities by the Company. However, adjustments may be made to the number of shares over which the Rights are granted or their exercise price to take into account changes in the capital structure of the Company that occur, including by way of pro rata and bonus issues, in accordance with the Plan Rules and the ASX Listing Rules.
- The PR Plan limits the number of Rights that the Company may issue, such that the sum of all Rights and options on issue and offered under all employee incentive schemes of the Company does not, if they are all exercised, equate to more than 5% of the ordinary shares on issue by the Company.
- The treatment of issued Rights on a change in ownership or control of the Company or all or a substantial part of the assets of the Company will be determined at the discretion of the Board having regard to all the prevailing circumstances.

The PR Plan was approved by the Board on 20 September 2013.

As a prudent measure, with a view to safeguarding the interests of shareholders and minimising the risk of proposed (performance based) Rights remaining available to senior executives in circumstances where the Board has concluded that would be inappropriate, the Board may, in its discretion:

- Cancel or require forfeiture of some or all of a relevant executive's performance Rights;
- Adjust the executive's future performance based remuneration;
- Take legal action against the executive; and/or
- Take such other action as the Board considers appropriate in any relevant circumstances as permitted to it by law.

This clawback policy applies to awards of Rights made in the financial year commencing on 1 July 2016 and each financial year following, but not in respect of Rights awarded in any prior financial year. The clawback policy therefore applies to the awards of Rights proposed to be made to Mr. Peck under this Agenda Item 6.

### **6.3 Issue of Performance Rights to the Managing Director, Mr. Grant Peck**

The Board appointed Mr. Peck as Managing Director on a permanent basis in March 2021. On 19 May 2021 the outcomes of a recently completed and detailed operational review were announced to the ASX. The intention of the operational review was to identify and prioritise McPherson's key growth drivers, with a view to implementing strategies that deliver both short and long term value to shareholders.

The operational review was structured into two core components; firstly an examination and redefining of the Group's strategic framework, and secondly the construction of a disciplined strategy to achieve the proposed objectives. The underlying fundamental strategy of consolidating and growing McPherson's position within the Health, Wellness and Beauty sector remains unchanged, with a focus on:

- Optimising key brands and core competencies to unlock existing potential: The strategy will be achieved by streamlining existing operations within the Australian domestic market to focus on core competencies, consolidating the foundation of the Group's health and wellness platform for growth and improving operational efficiency and effectiveness; and
- Expanding core capabilities to unlock further potential: Leverage existing capabilities beyond the core operations by pursuing international growth opportunities to diversify export market channels and drive expansion.

The key focus is to achieve accelerated growth from the current foundation with a view to delivering significantly enhanced financial outcomes and additional shareholder value consistent with the operational review outcomes. Consistent with this drive for growth, the Board carefully constructed a benchmarked remuneration package designed to align Mr. Peck's remuneration, and in particular the long term incentive component, with the expected significant improvement in Company performance.

As indicated above, the Company has entered into an agreement with Mr. Peck in relation to his appointment as Managing Director of the Company, and has agreed to provide certain benefits to

him, subject to shareholder approval, as summarised in the Company's ASX announcement of 31 March 2021.

One of those benefits is the granting of Rights to Mr. Peck under the PR Plan, subject to shareholder approval. Agenda Item 6 seeks shareholder approval for the grant of Rights to Mr. Peck under the PR Plan for the purposes of the ASX Listing Rules and the Corporations Act.

The Directors note that the grant of the Rights under the PR Plan and, correspondingly, the Company agreeing to a provision in Mr. Peck's employment agreement pursuant to which the Company commits to grant such Rights to him, constitutes the giving of a financial benefit to a related party of the Company under Part 2E.1 of the Corporations Act, which requires the approval of shareholders in general meeting.

The Directors also note that the grant of the Rights under the PR Plan to Mr. Peck constitutes an issue of securities under an employee incentive scheme. ASX Listing Rule 10.14 restricts a listed entity from issuing securities under an employee incentive scheme to any of its directors, their associates or other persons whom, in ASX's opinion, should be covered by this rule unless it obtains the approval of its shareholders to such issue. As such, ASX Listing Rule 10.14 requires the Company to obtain the approval of shareholders to the issue of Rights to Mr. Peck, being a Director, under the PR Plan.

The following additional information is accordingly provided to shareholders to enable shareholders to consider Agenda Item 6.

### 6.3.1 Mr. Peck's Remuneration

Mr. Peck's annual total remuneration package currently comprises the following elements:

- (i) Base Remuneration: Mr. Peck's base remuneration is \$675,000 per annum (**Base Remuneration**) including superannuation, comprising:

- (a) Cash element of \$575,000 per annum, inclusive of superannuation; and

- (b) \$100,000 in the form of Rights granted over ordinary McPherson's shares (**Annual Rights**).

Mr. Peck's Base Remuneration is subject to annual review;

- (ii) Short Term Incentive (**STI**): Mr. Peck is entitled to an annual cash bonus up to a maximum of 75% of Base Remuneration, comprised of:

- (a) STI entitlements of up to 50% of the Base Remuneration if pre-defined STI targets are met; plus

- (b) STI entitlements of up to 25% of the Base Remuneration if pre-defined out-performance STI targets are achieved. Actual bonus payments are determined through the setting and achievement of both financial and non-financial performance criteria which are set and assessed by the Board annually; and

- (iii) Long Term Incentive (**LTI**): Mr. Peck is to be awarded Rights under the PR Plan annually with a face value of up to a maximum of 150% of Base Remuneration. The proportion of Rights that vest to Mr. Peck are determined through the achievement of challenging performance measures set by the Board. If the minimum performance measures are not achieved the related Rights will lapse.

In addition, Mr. Peck is entitled to incur travel and accommodation costs up to a value of \$56,000 per annum at McPherson's expense. Travel and accommodation costs in excess of \$56,000 per annum will be shared equally between McPherson's and Mr. Peck, subject to a cap of \$75,000 per annum. This cap is subject to annual review. Mr. Peck is also entitled to other customary benefits, such as a mobile phone and parking.

The Board considers it is important to align the Managing Director's remuneration with shareholder value creation and as such, a considerable part of Mr. Peck's total remuneration package has been allocated to variable reward, with a particular focus on equity awards under the LTI.

If shareholders pass the resolution in Agenda Item 6, the Company will be able to grant the Rights to Mr. Peck.

However, if shareholders do not pass the resolution in Agenda Item 6 to approve the granting of Rights to Mr. Peck, his employment agreement requires the Company to provide comparable cash-based payments or LTI structure in lieu of each element of the proposed Rights grants. The Board considers the grant of Rights is preferable to additional cash remuneration as vesting of these Rights, subject to the targets set being met, will more closely align the value of Mr. Peck's remuneration with shareholder value creation.

### **6.3.2 Rights to be Granted to Mr. Peck on Commencement**

If this resolution is passed the Company will grant Mr. Peck performance rights in connection with the commencement of his employment with the Company (**Commencement Rights**), as follows:

- (i) The number of Rights to be granted in connection with the commencement of Mr. Peck's employment is 200,000 Rights. This number has been determined by the Board as being appropriate and is as set out in Mr. Peck's employment agreement.
- (ii) The Company's agreed arrangement with Mr. Peck to issue these Rights to him is subject to approval by the Company's shareholders (i.e. the passing of the resolution set out in Agenda Item 6).
- (iii) Each Commencement Right will entitle Mr. Peck to subscribe for one ordinary share subject to the Plan Rules.
- (iv) The Commencement Rights will be issued on 23 November 2021 after the AGM has occurred.
- (v) These Rights will be granted at a nil issue price and will vest on 24 September 2024 provided Mr. Peck continues to be Managing Director at that time.
- (vi) Vested Commencement Rights may accordingly be exercised at nil exercise price and no funds will be raised by the issue or exercise of Rights.
- (vii) Vested Commencement Rights may be exercised from 24 September 2024 until 25 September 2029, provided Mr. Peck continues to be the Managing Director of the Company at that time.

### **6.3.3 Rights to be Granted as Part of Mr. Peck's Base Remuneration**

As set out in 6.3.1(i) above, \$100,000 of Mr. Peck's annual Base Remuneration will comprise Rights granted over ordinary McPherson's shares (**Annual Rights**), as follows:

- (i) The number of Annual Rights to be granted in 2021 is 92,000 Rights. This number has been determined by dividing \$100,000 by the volume weighted average price (**VWAP**) of the Company's shares over the 20 trading days ending at close of trade on 22 September 2021 (i.e. \$1.0828 per share), rounded to the nearest thousand;
- (ii) Each Annual Right will entitle Mr. Peck to subscribe for one Share subject to the Plan Rules.
- (iii) The Annual Rights granted in 2021 will be issued on 23 November 2021.
- (iv) These Annual Rights will be granted at a nil issue price and will vest on 24 September 2024 provided Mr. Peck continues to be Managing Director at that time.
- (v) Vested Rights may be exercised at nil exercise price and no funds will be raised by the issue or exercise of Rights.

- (vi) Vested Annual Rights granted in 2021 may be exercised from 24 September 2024 until 25 September 2029, provided Mr. Peck continues to be the Managing Director of the Company at that time (subject to item (vii) below).
- (vii) Under Mr. Peck's employment agreement, if Mr. Peck's employment terminates during a year running from 1 April to 31 March (**Salary Year**) after Annual Rights have been issued to him in respect of that Salary Year, McPherson's may allow Mr. Peck to retain those Annual Rights. If McPherson's does not allow him to retain those Annual Rights, it must pay Mr. Peck the value of the portion of the Annual Rights, calculated on a pro-rata basis, for that Salary Year up to the date of termination. If McPherson's does allow him to retain those Annual Rights, Mr. Peck must pay McPherson's the proportion of the value of the Annual Rights which represents the remaining portion of the Salary Year from the date of termination. Notwithstanding the above, McPherson's is not required to make any payment or provide any benefit in connection with the termination of Mr. Peck's employment to the extent the amount of the payment or benefit exceeds the amount permitted to be paid or given under the Corporations Act without member approval.

#### 6.3.4 Rights to be Granted as a Long Term Incentive

In addition to Rights granted on commencement of his employment and as part of Base Remuneration, it is also proposed that Mr. Peck will be entitled to participate in the Long Term Incentive (**LTI**) plan. If this resolution is passed then, Rights will be granted to Mr. Peck with vesting conditional upon the achievement of certain performance conditions, as outlined below (**LTI Rights**).

The LTI Rights, if this resolution is passed, will be divided into three components which will each be subject to a separate performance hurdle, as follows:

A. High Level Performance Rights (**HLP Rights**) comprising:

- (i) High Level Performance EPS CAGR Rights (**EPS CAGR HLP Rights**): These Rights will be subject to a target "underlying earnings per Share compound annual growth rate" (**EPS CAGR**) hurdle, measured over a **three** year performance period; and
- (ii) High Level Performance TSRS CAGR Rights (**TSR CAGR HLP Rights**): These Rights will be subject to a target absolute "total shareholder return" compound annual growth rate (**TSR CAGR**) hurdle, measured over a **three** year performance period; and

B. Exceptional Level Performance Rights (**ELP Rights**):

These Rights will be subject to a target absolute "total shareholder return" compound annual growth rate (**TSR CAGR**) hurdle, measured over a **four** year performance period.

The following paragraphs identify the basis for determining the award of each of the categories of LTI Rights to Mr. Peck as referred to above, and then the conditions applicable to each, as required under the Corporations Act and the ASX Listing Rules.

(i) **High Level of Performance Rights (HLP Rights)**

The Company will grant Mr. Peck HLP Rights with a face value of 100% of Base Remuneration, allocated equally between EPS CAGR HLP Rights and TSR CAGR HLP Rights.

Further information relating to the manner in which the number of HLP Rights granted is calculated and their conditions are set out below:

(A) *Number of HLP Rights to be granted*

For the 2021 grant, the number of HLP Rights to be granted to Mr. Peck as HLP Rights is 624,000. This number has been determined by dividing \$675,000 by the VWAP of the Company's shares on the ASX over the 20 trading days ending at close of trade on 22 September 2021 (i.e. \$1.0828 per share), rounded to the nearest thousand.

(B) *Price of HLP Rights*

The HLP Rights will be granted at nil issue price. Vested HLP Rights may be exercised at nil exercise price. No funds are expected to be raised by the issue or exercise of HLP Rights.

(C) *Issue Date*

The 2021 HLP Rights will be issued on 23 November 2021.

(D) *Performance Period*

The HLP Rights performance hurdle will be measured over a three year Performance Period. The Performance Period for the 2021 HLP Rights is 1 July 2021 to 30 June 2024. At the end of this three year period the performance conditions, as outlined below, will be tested.

(E) *Performance Conditions – EPS CAGR HLP Rights*

As indicated above, the grant of HLP Rights to Mr. Peck will be allocated equally between EPS CAGR HLP Rights and TSR CAGR HLP Rights. The performance conditions applicable to the TSR CAGR HLP Rights are set out in (F) below.

The performance conditions applicable to the EPS CAGR HLP Rights are as follows:

The proportion of EPS CAGR HLP Rights that vest will be measured based on the EPS CAGR over a three year performance period. EPS CAGR was selected by the Board as an appropriate performance hurdle to ensure continued focus on growth and underlying earnings generation.

For the 2021 grant, the proportion of EPS CAGR HLP Rights that will vest will be determined as follows, using a notional earnings per share (**EPS**) of 10.0 cents as a basis.

<b>EPS CAGR</b>	<b>EPS CAGR HLP Rights that Vest</b>
Less than 15%	0%
15.0%	30%
15.0 % to 20.0%	30% to 100% on a straight line basis
20.0% or more	100%

In determining EPS CAGR performance results for the performance period, the Board may make adjustments where it considers necessary or appropriate to reflect one off or extraordinary events. It is anticipated that the Board will only exercise discretion to ensure the LTI is not acting as a barrier to participants in pursuing opportunities that are in the long-term interests of shareholders. The Board shall only exercise discretion in a manner that rewards performance consistent with shareholder expectations and the intent and purpose of the LTI plan and EPS CAGR targets.

(F) *Performance Conditions – TSR CAGR HLP Rights*

The proportion of TSR CAGR HLP Rights that vest will be measured based on the TSR CAGR over a three year performance period. TSR CAGR was selected by the Board as an appropriate performance hurdle to ensure continued focus on growth and as it clearly aligns outcomes with those of securityholders.

For the 2021 grant, the proportion of TSR CAGR HLP Rights that will vest will be determined as follows, using a notional base share price of \$1.34 as a basis.

<b>TSR CAGR</b>	<b>TSR CAGR HLP Rights that Vest</b>
Less than 15%	0%
15.0%	30%
15.0 % to 20.0%	30% to 100% on a straight line basis
20.0% or more	100%

(G) *Performance Assessment*

Assessment of performance outcomes for the 2021 HLP Rights will be evaluated on or around 20 August 2024. The relevant proportions of EPS CAGR Rights and EPS CAGR Rights that achieve the respective performance hurdles will vest on 24 September 2024, and will be exercisable between 24 September 2024 and 25 September 2029. Any HLP Rights not vested on 24 September 2024 or which have vested but not been exercised by 5.00pm (Sydney time) on 25 September 2029 will lapse.

(ii) **Exceptional Level of Performance Rights (ELP Rights)**

The Company will grant Mr. Peck certain Rights which will vest only if the Company achieves exceptional performance outcomes. The purpose of the ELP Rights is to reward the achievement of exceptional performance outcomes only and the Board has set appropriately stretching targets which must be achieved before any ELP Rights vest.

Further information relating to the manner in which the number of ELP Rights granted will be calculated and their conditions are set out below:

(A) *Number of ELP Rights to be granted*

The face value of the maximum LTI opportunity to be granted in the form of ELP Rights is 50% of Base Remuneration. For the 2021 grant, the number of ELP Rights to be granted to Mr. Peck is 312,000. This number has been determined as 50% of \$675,000 (i.e. \$337,500), divided by the VWAP of the Company's shares on the ASX over the 20 trading days ending at close of trade on 22 September 2021 (i.e. \$1.0828 per share), rounded to the nearest thousand.

(B) *Price of ELP Rights*

The ELP Rights will be granted at nil issue price. Vested ELP Rights may be exercised at nil exercise price. No funds are expected to be raised by the issue or exercise of ELP Rights.

(C) *Issue Date*

The 2021 ELP Rights will be issued on 23 November 2021.

(D) *Performance Period*

The ELP Rights performance hurdle will be measured over a four year Performance Period. The Performance Period for the 2021 ELP Rights is 1 July 2021 to 30 June 2025. At the end of this four year period the performance conditions, as outlined below, will be tested.

(E) *Performance Conditions*

The proportion of ELP Rights that vest will depend on the Company achieving exceptional performance as determined by the Board. In order for any ELP Rights to vest, the Company will be required to achieve a TSR CAGR over the performance period that exceeds a threshold set by the Board. Total shareholder return will be calculated based on



movements in the Company's share price and total dividends paid by the Company during the four year performance period.

For the 2021 grant, the proportion of HLP Rights that will vest will be determined using a notional base share price of \$1.34.

In order for any 2021 ELP Rights to vest, the Company must achieve a TSR CAGR over the Performance Period of at least 20% annual return on a compound basis. Where this 20% threshold is achieved, 30% of ELP Rights will vest. Vesting will be calculated on a straight line basis with 100% of ELP Rights vesting where the TSR achieved over the Performance Period is equal to or exceeds 25% annual return on a compounded basis. This may be summarised as follows:

<b>TSR CAGR</b>	<b>ELP Rights that Vest</b>
Less than 20%	0%
20.0%	30%
20.0 % to 25.0%	30% to 100% on a straight line basis
25.0% or more	100%

(F) *Performance Assessment*

For the 2021 ELP Rights, performance criteria will be assessed on or around 19 August 2025. The relevant proportion of the ELP Rights granted that achieve their performance targets will vest on or around 25 September 2025, and will be exercisable between approximately 25 September 2025 and 25 September 2030. Any ELP Rights not vested on 25 September 2025 or which have vested but not exercised by 5.00pm (Sydney time) on 25 September 2030 will lapse.

(iii) **Conditions Applicable to the Vesting of Both HLP Rights and ELP Rights**

The Company's agreed arrangement with Mr. Peck to issue him HLP Rights and ELP Rights in 2021 is subject to approval by the Company's shareholders (i.e. the passing of the resolution set out in Agenda Item 6).

Further:

- (A) The Company's agreed arrangement with Mr. Peck to issue Rights to him in each year following 2021 is subject to the following conditions being satisfied:
  - (I) approval by the Board to the number of such Rights and the issue of such Rights to Mr. Peck in each year after 2021;
  - (II) Mr. Peck continuing to be the Managing Director of the Company; and
  - (III) approval by the Company's shareholders of the grant of Rights to Mr. Peck.
- (B) Each Right will entitle Mr. Peck to subscribe for one ordinary share subject to the Plan Rules.

**6.4 Restrictions on the Disposal of Shares**

Consistent with the terms of Mr. Peck's employment agreement, certain restrictions apply to the retention and disposal of shares which Mr. Peck may hold from the exercising of vested Rights, as follows:

- (i) Any shares that Mr. Peck is issued as a result of exercising vested Commencement Rights, Annual Rights, HLP Rights or ELP Rights must not be disposed of during his employment with

McPherson's in circumstances that would result in the total value of all shares held by Mr. Peck from exercising such rights, falling below the level of Base Remuneration; and

(ii) Any shares that Mr. Peck is issued as a result of exercising vested ELP Rights or HLP Rights will be subject to a holding lock, with the shares from 50% of these Rights to be held for at least four years and shares from the remaining 50% for at least five years from the date on which the related HLP Rights or ELP Rights are granted.

## 6.5 Company's Share Trading History

The trading history of the Company's shares on the ASX in the 12 months to 24 September 2021 is as follows:

	Price	Date
Highest closing price	\$3.04	29 and 30 September 2020
Lowest closing price	\$1.06	30 July, 6 and 22 September 2021
Last closing price	\$1.08	24 September 2021

## 6.6 Valuation of the Financial Benefit

The total indicative value of the Rights to be issued to Mr. Peck at the date the offer of the Rights was made (24 September 2021) has been determined to be \$792,000 adopting a discounted cash flow methodology for the Commencement Rights, Annual Rights and EPS CAGR HLP Rights, and a Monte-Carlo simulation based on the Black-Scholes methodology for the TSR CAGR HLP Rights and ELP Rights. In calculating the value of these Rights, the following inputs were used:

Valuation date	24 September 2021
Share price on the valuation date	\$1.08
Vesting date – Commencement Rights	24 September 2024
Vesting date – Annual Rights	24 September 2024
Vesting date – HLP Rights	24 September 2024
Vesting date – ELP Rights	25 September 2025
Dividend yield per annum	4.0%
Risk free rate - TSR CAGR HLP Rights	0.22%
Risk free rate - ELP Rights	0.48%
Volatility - TSR CAGR HLP Rights and ELP Rights	54%
Indicative value per Right – Commencement Rights	\$0.96
Indicative value per Right – Annual Rights	\$0.96
Indicative value per Right – EPS CAGR HLP Rights	\$0.96
Indicative value per Right – TSR CAGR HLP Rights	\$0.37
Indicative value per Right – ELP Rights	\$0.31
Total value of Rights to be issued	\$792,000

The Company has received an independent valuation of the Rights to be issued to Mr. Peck from Mercer (Australia) Pty Ltd. The valuation reflects the indicative values set out above.

## 6.7 Mr. Peck's Current Interest in the Company's Securities

Mr. Peck holds an interest in 55,400 Shares in the capital of the Company.

Mr. Peck has no interest in Rights issued by the Company.

## 6.8 Impact of Issue of Rights to Mr. Peck

If Mr. Peck's 2021 Rights vest and are exercised, it is expected that such exercise will have a small dilutionary effect on existing shareholders' interests, as follows:

If all of the Rights granted to Mr. Peck should fully vest and were exercised, based on the current number of issued shares in the Company, he would hold an interest in

approximately 0.988% of the issued shares in the Company on a fully diluted basis, as illustrated in the following table:

MCP ordinary shareholder	Before conversion of 2021 Rights to be issued to Mr. Peck <sup>2</sup>		After conversion of 2021 Rights to be issued to Mr. Peck <sup>2</sup>	
	Number of MCP ordinary shares	Percentage of total MCP ordinary shares <sup>1</sup>	Number of MCP ordinary shares	Percentage of total MCP ordinary shares <sup>1</sup>
Grant Peck and his associates	55,400	0.043 %	1,283,400	0.988%
All MCP ordinary shareholders other than Grant Peck and his associates	128,592,700	99.957%	128,592,700	99.012%
<b>TOTAL</b>	<b>128,648,100</b>	<b>100.0%</b>	<b>129,876,100</b>	<b>100.0%</b>

Notes:

1. Approximate figures.

2. Assuming the Company does not issue any other equity securities, and assuming neither Mr. Peck nor his associates acquire any other equity securities in the Company.

## 6.9 Additional Information

No loans are being provided by the Company to Mr. Peck in relation to the issue of the Rights.

Details of any securities issued under the PR Plan will be published in each annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue of securities was obtained under ASX Listing Rule 10.14.

As at the date of this Notice of Annual General Meeting, none of the Directors (other than the Managing Director) is entitled to participate in the PR Plan.

No Rights have previously been issued to Mr. Peck under the PR Plan.

If any Director other than the Managing Director (or an associate of such Director or other person covered by ASX Listing Rule 10.14) becomes entitled to participate in the PR Plan after this resolution 6 is approved and that person is not named in this Notice of Annual General Meeting, then that person will not participate in the PR Plan until the Company's shareholders approve such participation for the purposes of ASX Listing Rule 10.14.

## 6.10 Board Recommendation

Other than Mr. Peck, none of the other Directors has an interest in the outcome of this resolution. However, as the Directors are KMP, a voting exclusion statement applies as set out below. For those reasons, and to avoid any conflict of interest for the Directors in making recommendations for resolutions about Mr. Peck's remuneration, the Directors will not be making recommendations as to voting on this resolution.

## 6.11 Voting Exclusions

In accordance with the Corporations Act, the Company will disregard any votes cast in respect of Agenda Item 6 (Approval of Issue of Performance Rights to the Managing Director, Mr. Grant Peck, under the McPherson's Limited Performance Rights Plan) by:

- (i) Mr. Grant Peck and any of his associates; and
- (ii) a proxy who is a member or a closely related party of any KMP of the Company.

However, the Company need not disregard a vote if:

- (i) It is cast by a person (including the KMP or their closely related parties) as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) It is cast by a person chairing the meeting as proxy for a person who is entitled to vote, where the proxy form does not specify the way the proxy is to vote on the relevant Agenda Item but expressly authorises the person chairing the meeting to exercise the proxy even if the relevant Agenda Item is connected directly or indirectly with the remuneration of a member of the KMP of the Company. The person chairing the meeting intends to vote all available proxies in favour of this Agenda Item 6.

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Agenda Item 6 by or on behalf of Mr. Grant Peck and any other person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the PR Plan and any of their respective associates.

However, this does not apply to a vote cast in favour of Agenda Item 6 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on Agenda Item 6, in accordance with directions given to the proxy or attorney to vote on Agenda Item 6 in that way; or
- (ii) the chair of the meeting as proxy or attorney for a person who is entitled to vote on Agenda Item 6, in accordance with a direction given to the chair to vote on Agenda Item 6 as the chair decides. The person chairing the meeting intends to vote all available proxies in favour of Agenda Item 6; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (A) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Agenda Item 6; and
  - (B) the holder votes on Agenda Item 6 in accordance with directions given by the beneficiary to the holder to vote in that way.