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**MCPHERSON'S LIMITED**  
**RISK AND COMPLIANCE COMMITTEE CHARTER**

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**June 2022**

## **RISK AND COMPLIANCE COMMITTEE CHARTER**

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## **RISK AND COMPLIANCE COMMITTEE CHARTER**

### **1. Primary Purpose**

The Risk and Compliance Committee is established by the Board of Directors 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.

This charter ('Charter') outlines the scope of the Risk and Compliance Committee's responsibilities in relation to the Company and provides a framework within which the Committee will operate.

The Charter should be read in conjunction with the charters of the Audit Committee and the People and Culture Committee.

### **2. Membership and Operation**

#### **2.1 Risk and Compliance Committee Membership**

- The Risk and Compliance Committee will consist of a minimum of three members.
- The majority of members of the Risk and Compliance Committee must be independent Directors as defined in the Board Charter.
- Committee members should be conversant with risk management principles and standards.

#### **2.2 Risk and Compliance Committee Chair**

The Board will appoint the Risk and Compliance Committee Chair who must be an independent non-executive Director.

#### **2.3 Quorum**

The quorum for any Risk and Compliance Committee meeting shall be two members.

#### **2.4 Meetings**

- Any non-executive Director may attend a meeting of the Risk and Compliance Committee for the purposes of discussion but is not entitled to vote.
- The Risk and Compliance Committee is to meet at least 4 times per year.

- Additional meetings may be called in response to requests by any member of the Committee or specific events.
- Risk and Compliance Committee members and all other non-executive Directors will be provided with Risk and Compliance Committee meeting papers by management in relation to meeting agenda items.

## **2.5 Attendance at Meetings**

- The Managing Director and the Chief Financial Officer are to be invited to attend meetings at the discretion of the Committee.
- The Risk and Compliance Committee Secretary should attend all meetings to minute proceedings, subject to the discretion of the Committee.

## **2.6 Appointment of Risk and Compliance Committee Secretary**

The Company Secretary shall be the Risk and Compliance Committee Secretary.

## **2.7 Access to Independent Advice, Company Information, Management and the Auditors**

- The Risk and Compliance Committee is entitled to consult with expert advisers and seek independent advice (including independent risk assessments and insurance consultants) at the expense of McPherson's where the Committee considers it necessary to carry out its duties.
- The Risk and Compliance Committee will have unlimited rights to access Company records and information, and to senior management and all other staff.
- The Risk and Compliance Committee will have unlimited rights to access the external auditors and the internal auditors and consult with them in relation to risk and compliance matters as required.

## **2.8 Reporting to the Board**

The Risk and Compliance Committee will report to the Board on all matters relating to the Risk and Compliance Committee's roles and responsibilities as outlined in this Charter.

Reports to the Board should include:

- The Risk and Compliance Committee minutes or a summary of major matters noted;
- Any formal recommendations of the Risk and Compliance Committee requiring Board approval;
- General information about the risk management processes including the results of any external risk reviews;
- The Committee's recommendations regarding any matter outlined in this Charter which is to be included in the Company's annual report or other external reporting; and
- A summary of the annual self-assessment review of the Risk and Compliance Committee and its outcome undertaken in accordance with section 4 of this Charter.

### **3. Roles and Responsibilities**

#### **3.1 Primary Responsibility**

The Risk and Compliance Committee has a responsibility in the first instance to assess the adequacy of the Company's Risk Management Framework and compliance management systems, and to assist the Board to understand and mitigate risks which may:

- Impede the Company from achieving its goals and objectives;
- Impact on the Company's performance;
- Threaten compliance with the Company's regulatory and legal obligations;
- Impact the community or the environment in which the Company operates;
- Impact the Company's reputation or that of its people; or
- Result in personal liability for Company officers arising from the Company's operations.

For the purposes of this Charter, 'Risk Management Framework' includes risk identification, measurement, controls, mitigation, monitoring and reporting.

#### **3.2 Risk Management**

The role of the Risk and Compliance Committee will include the following elements:

- Review the Company's Risk Management Framework on a regular basis (at least annually) to satisfy itself that it continues to be sound and effective;
- Receive and consider reports from management with respect to contemporary and emerging sources of risk, such as conduct risk, digital disruption, cyber-security, privacy and data breaches and climate change, and how those risks are managed;
- Monitor the effectiveness of the management and reporting of material financial, reputational and other risks and opportunities related to environmental, social and governance ('ESG') issues, including:
  - Ensuring an appropriate ESG strategy is in place and endorsed by the Board;
  - Ensuring the ESG strategy is supported by a documented and Board approved ESG Policy incorporating relevant goals;
  - Receiving and considering reports from management with respect to ESG matters and the reporting of outcomes against established goals; and
  - Making recommendations to the Board regarding any proposed external reporting of ESG related matters by the Company.
- Ensure that the Company's risk appetite is established by the Risk and Compliance Committee or Board for each identified risk or category of risk;
- Monitor and assess management's process for managing risk and how the Company's businesses apply the processes for managing risk;
- Monitor management's performance against the Risk Management Framework, including whether it is operating within the risk appetite set by the Risk and Compliance Committee or the Board;
- Review any material incidents involving fraud or a breakdown of the Company's risk controls and the adequacy of any resultant changes implemented;
- Make recommendations to the Board in relation to changes that should be made to the Company's Risk Management Framework or to the risk appetite set by the Board;

- Ensuring an appropriate risk-aware culture has been embedded throughout the Company; and
- Oversee the Company's insurance programme including annual policy renewals, and having regard to changes that should be made to the Company's business and the insurable risks associated with its business.

### **3.3 Compliance**

The Risk and Compliance Committee will review and evaluate the effectiveness of the entity's compliance system including:

- Compliance with Australian laws including trade practices laws and the Corporations Act 2001 (Cth);
- Compliance with the requirements of the Australian Tax Office, the Australian Securities and Investments Commission and the Australian Securities Exchange;
- Compliance with laws in each other jurisdiction in which the Company operates;
- Compliance with the Company's documented standards and approved Policies and Procedures, including the Risk Management Policy and Internal Control Framework; and
- 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.

### **3.4 Other Matters**

In addition the Risk and Compliance Committee will:

- Ensure that where any deficiencies or breakdowns in internal control or risk management procedures are identified, management takes prompt and effective remedial action;
- Assess whether management has adequate controls in place for unusual types of transactions that may carry more than an acceptable degree of risk;
- Consider the Company's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations;
- Review any externally reported risk or governance related disclosures, including the Company's annual Corporate Governance Statement. This should include the adequacy of disclosures relating to any material exposures to ESG related risks;
- Meet periodically with management to understand and discuss the entity's risk and control environments; and
- Consider views from both the internal and external auditors in order to form a comprehensive view on the adequacy and effectiveness of the risk management system.

## **4. Performance Evaluation and Charter Review**

- The Risk and Compliance Committee will undertake a self-assessment process annually, which assesses the effectiveness of the Committee.
- The Risk and Compliance Committee will review this Charter at least annually to ensure that it remains consistent with the Board's objectives and responsibilities.

## 5. Document Control

<b>Status</b>	Approved and Issued	
<b>Approved By</b>	Board	
<b>Effective Date</b>	21 February 2022	
<b>Risk and Compliance Committee Approval Date</b>	Initial Charter approval by the Board	
<b>Board Approval Date</b>	21 February 2022	
<b>Policy Owner</b>	Company Secretary	
<b>Amendment History:</b>		
<b>Version</b>	<b>Date</b>	<b>Author</b>
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2022.2	June 2022	Company Secretary