



## **McPherson's Limited**

ACN 004 068 419

### **Notice of Annual General Meeting**

**TUESDAY, 22 NOVEMBER 2022 AT 11.00 A.M.**

**The Annual General Meeting of McPherson's Ltd (MCP) will be held on Tuesday, 22 November 2022 at 11.00 a.m. (AEDT).**

#### **MCP is Holding a Hybrid Annual General Meeting in 2022**

**You will be able to attend in person, at the premises of Thomson Geer, Level 14, 60 Martin Place, Sydney, 2000, or participate in the AGM online using your smart phone, tablet or computer.**

You can attend the AGM in person at the premises of Thomson Geer, Level 14, 60 Martin Place, Sydney, 2000. Please be aware that social distancing rules and any other government requirements that may apply at the time will be observed.

Securityholders not attending in person can participate in the AGM online by entering this link in your browser:

<https://web.lumiagm.com/361828837>

Please also see the Lumi Online Meeting Guide, which can be accessed on the MCP website at:

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

## Notice of Annual General Meeting

Tuesday 22 November 2022 at 11.00 a.m.

***Notice is hereby given that the Annual General Meeting ('AGM') of members of McPherson's Limited ('the Company' or 'MCP') will be held as a hybrid meeting on Tuesday, 22 November 2022 at 11.00 a.m. (AEDT).***

### MCP is Holding a Hybrid Annual General Meeting in 2022

Securityholders can attend the Annual General Meeting at the offices of Thomson Geer, Level 14, 60 Martin Place, Sydney. However due to the COVID-19 pandemic, this year we are also offering securityholders the ability to attend the AGM online at <https://web.lumiagm.com/361828837>.

Securityholders and proxyholders who attend online will be able to follow the proceedings, cast a live vote, ask questions (written and oral) and make comments online in real-time.

Please be aware that social distancing rules and any other government requirements that may apply at the time will be observed. Due to ongoing health and safety risks posed by the COVID-19 pandemic, restrictions and precautionary measures may also be imposed on attendance if considered necessary.

It may not be possible to admit all securityholders who wish to attend in person, depending on any restrictions that apply at the time. Even if you plan to attend in person or participate online, you are encouraged to submit a directed proxy before the Annual General Meeting so that your vote can still be counted if the physical meeting arrangements change or there is a technical difficulty.

In the period before the meeting, McPherson's will be closely monitoring the COVID-19 situation in Sydney. If it becomes necessary or appropriate to make alternative or supplementary meeting arrangements from those set out in this Notice, securityholders will be given as much notice as possible.

Information relating to any alternate arrangements will be communicated to securityholders by way of an announcement to the ASX and published at: <https://www.mcphersons.com.au/agm>

Alternatively, securityholders may attend the AGM virtually using the Lumi online platform at: <https://web.lumiagm.com/361828837>

The Lumi platform enables Securityholders to:

- View 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.

Securityholders may also cast their votes by appointing a proxy (preferably the Chair of the Meeting) online at [www.investorvote.com.au](http://www.investorvote.com.au) by 11:00 a.m. (AEDT) on Sunday 20 November 2022.

In the event of a technological failure that prevents Securityholders 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 Securityholders.

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

- **Page 4 - Business of the Meeting and Agenda Items**
- **Page 6 - Information for Securityholders, including how to access the AGM on-line and vote**
- **Page 9 - Explanatory Notes for Securityholders**

# McPherson's Limited - Annual General Meeting 2022

## Business of the Meeting

### Agenda Items

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#### 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 2022.

#### 2 Remuneration Report

To adopt the Remuneration Report for the Company for the financial year ended 30 June 2022.

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 securityholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

#### 3 Election of a Director – Ms. Helen Thornton

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

“To elect as a director of the Company, Ms. Helen Thornton, who having been appointed a director of MCP on 20 December 2021 in accordance with the Company's Constitution, offers herself for election as a director of MCP.”

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

#### 4 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 18 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 2022 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: 21<sup>st</sup> October 2022

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## Information for Securityholders

### 1. Explanatory Notes

The accompanying Explanatory Notes on pages 9 to 19 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 4 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 Securityholders entitled to vote on the resolution are cast in favour of the resolution.

### 4. Voting and Proxies

Securityholders 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 8.

#### 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 11.00 a.m. (AEDT) on Sunday 20 November 2022 (**Securityholders**). Transactions registered after that time will be disregarded in determining Securityholders' entitlement to vote at the AGM.

#### 4.2 Appointing a Proxy

Securityholders may participate in the AGM either in person or online via the Lumi platform using a smartphone, tablet or computer. Any Securityholder entitled to attend and vote can appoint a proxy to attend and vote instead of the member. The lodging a proxy vote prior to the AGM is encouraged.

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 Securityholder and may be an individual or a body corporate. The Securityholder, or the Securityholder'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, 20 November 2022.

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 11.00 a.m. (AEDT) on Sunday, 20 November 2020 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 Chair 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 Chair of the meeting as your proxy, or the Chair of the meeting becomes your proxy by default, and you direct the Chair how to vote on an item of business, the Chair 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 Chair 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 Chair 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 11.00 a.m. (AEDT) on Sunday, 20 November 2022.

### **5. Corporate Representatives**

Corporate Securityholders 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 share registry (Computershare) before the AGM.

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

You will be able to participate in the AGM online using your smartphone, tablet or computer. 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/361828837>

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

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

### **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 15 November 2022. 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.

If attending the meeting online, you may also submit your questions and comments either in written form or verbally during the AGM via the Lumi platform.

The Chair 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 Securityholders.

The Auditor will also be in attendance at the AGM.

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

Securityholders 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 above - Voting and Proxies.

Voting at the AGM can also be done at the meeting if attending in person, or live and online during the AGM using the Lumi platform.

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

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

### Agenda Item 1: Financial Statements and Reports

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

The financial statements and reports for the year ended 30 June 2022 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 2022 is set out on pages 40 to 60 of MCP's FY2022 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. However the Directors will consider the outcome of the vote and comments made by securityholders 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 Securityholders vote in favour of this resolution.

#### 2.2 Voting Consequences

As prescribed under the Corporations Act, Securityholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Securityholders at the second annual general meeting a resolution (**Spill Resolution**) on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

Please note if the Remuneration Report receives a Strike at this AGM and if a second Strike is received at the next annual general meeting, then that may result in the re-election of the Board (other than the Managing Director).

The Company's Remuneration Report was approved at its 2021 annual general meeting and votes cast against that report were less than 25%. Accordingly, a Spill Resolution is not applicable for the purpose of this AGM.

### **2.3 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 – Ms. Helen Thornton**

Helen Thornton was appointed as an Independent, Non-Executive Director of McPherson's Limited on 20 December 2021.

Helen is a non-executive director with skills which complement the existing experience base of the Board. She has extensive financial, risk management, audit and governance expertise, aligned with strong strategic capabilities, and leadership and relationship management skills.

Helen is a Chartered Accountant with a diverse background in financial services, manufacturing, utilities, mining and property in both public and private corporations, and also with government statutory authorities. She is an experienced member and chair of audit, compliance and risk committees.

Helen's executive roles have included Vice President - Risk Management of BlueScope Steel Ltd and senior roles at BHP, Deloitte and KPMG.

Helen's other current non-executive directorships include ISPT Pty Ltd, Treasury Corporation of Victoria, Ansvar Insurance Ltd and Yarra Valley Water. Helen is also currently a member and chair of a number of board committees, including audit and risk committees, and nomination and remuneration committees. She currently has no other directorships in ASX listed companies.

Helen holds a Bachelor of Economics from Monash University and is a Graduate Member of the Australian Institute of Company Directors.

Prior to Helen's appointment as a Director, the Company conducted various probity and other background checks which did not reveal any information of concern.

The Board considers that Helen qualifies as an Independent Director. No instances of an interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect Helen's capacity to bring an independent judgement to bear on issues before the Board, and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party, have been declared or noted.

Subsequent to being appointed a Director of McPherson's, Helen was appointed as member and Chair of the Board's Audit Committee, and as a member of the Risk and Compliance Committee, each with effect from 22 February 2022.

The Directors (other than Helen Thornton) support the election of Helen Thornton as a Director, as those Directors consider that Ms. Thornton is already making a significant and positive contribution to the Company as a Director, and more recently through her roles as Chair of the Audit Committee and member of the Risk and Compliance Committee.

### **Board Recommendation**

The Directors (other than Helen Thornton) recommend that Securityholders vote in favour of the resolution for Helen Thornton's election as a Director.

## **Agenda Item 4: Approval of Issue of Performance Rights to the Managing Director, Mr. Grant Peck, under the McPherson's Limited Performance Rights Plan**

### **4.1 Background Information**

Mr. Grant Peck was appointed a non-executive Director on the McPherson's Limited board in December 2017. On the resignation of the previous Managing Director and Chief Executive Officer 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**), securityholder approval is sought under Agenda Item 4 for certain benefits to be provided to him in connection with his position.

The approval being sought in Agenda Item 4 relates to the grant of performance rights to Mr. Peck in the current year. Securityholder approval for the grant of performance rights to Mr. Peck in later years is not being sought at this AGM.

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

### **4.2 Summary of McPherson's Performance Rights Plan ('PR Plan')**

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

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.
- Each vested Right enables the holder to be issued one Share upon exercise, plus additional Shares equal in value to the dividends paid by the Company on the underlying Shares over the period from the relevant vesting date to the exercise date on a reinvested basis, 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.

### Change of Control

In the event of a change in control of the Company (for example arising from a merger, takeover or scheme of arrangement), the Board will have absolute discretion to determine whether some, none or all of the unvested Rights will vest, having regard to all the prevailing facts and circumstances.

### Clawback Policy

As a prudent measure, with a view to safeguarding the interests of Securityholders 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 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

The clawback policy applies to the awards of Rights proposed to be made to Mr. Peck under this Agenda Item 4.

### Termination of Employment

Unvested Rights held by a PR Plan participant on termination of employment will prima facie lapse. However the Board will have absolute discretion to determine whether some, none or all unvested Rights may be retained on termination, having regard to all the prevailing facts and circumstances.

## **4.3 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.

Consistent with a drive for future growth, the Board has 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 and the interests of securityholders.

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 Securityholder 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 Securityholder approval. Agenda Item 4 seeks Securityholder 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 Securityholders 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 securityholders to such issue. As such, ASX Listing Rule 10.14 requires the Company to obtain the approval of Securityholders to the issue of Rights to Mr. Peck, being a Director, under the PR Plan.

The following additional information is accordingly provided to Securityholders to enable Securityholders to consider Agenda Item 4.

#### 4.3.1 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.

On commencement of his employment as Managing Director in March 2021, Mr. Peck's Base Remuneration comprised a cash element of \$575,000 per annum, inclusive of superannuation, and \$100,000 in the form of Rights granted over ordinary McPherson's shares (**Annual Rights**).

On 17 December 2021 the Company announced to the ASX that for the first year of Mr. Grant Peck's employment (namely from 1 April 2021 to 31 March 2022), instead of his fixed annual remuneration of \$675,000 being delivered as \$575,000 cash and \$100,000 as Annual Rights, his annual cash remuneration would be \$675,000 per annum.

On 24 August 2022 the Company announced to the ASX that with effect from the commencement of the second year of his employment (namely 1 April 2022), Mr. Peck's fixed annual remuneration will be permanently delivered as cash remuneration.

The other terms of Mr. Peck's remuneration arrangements were unchanged.

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 a further 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 Securityholder 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 Securityholders pass the resolution in Agenda Item 4, the Company will be able to grant the Rights to Mr. Peck.

However, if Securityholders do not pass the resolution in Agenda Item 4 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 securityholder value creation.

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

It is 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 two components which will each be subject to a separate performance hurdle, as follows:

##### A. High Level Performance Rights (**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

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

These Rights will be subject to a target absolute "total securityholder 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 both 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.

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*

The number of HLP Rights to be granted to Mr. Peck as HLP Rights is 909,000. 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 21 September 2022 (i.e. \$0.7425 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 – HLP Rights*

If this resolution is passed, the 2022 HLP Rights will be issued on 25 November 2022.

##### (D) *Performance Period – HLP Rights*

The HLP Rights performance hurdle will be measured over a three year Performance Period. The Performance Period for the HLP Rights is 1 July 2022 to 30 June 2025. At the end of this three year period the performance conditions, as outlined below, will be tested.

##### (E) *Performance Conditions – HLP Rights*

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

The proportion of 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.

The proportion of EPS CAGR HLP Rights that will vest will be determined as follows, using the actual underlying EPS for FY2022 (**EPS**) of 5.4 cents as a basis.

<b>EPS CAGR</b>	<b>HLP Rights that Vest</b>
Less than 20%	0%
20.0%	30%
20.0 % to 35.0%	30% to 100% on a straight line basis
35.0% 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 such discretion to ensure the LTI is not acting as a barrier to participants in pursuing opportunities that are in the long-term interests of securityholders. The Board shall only exercise discretion in a manner that rewards performance consistent with securityholder expectations and the intent and purpose of the LTI and the EPS CAGR targets.

(F) *Performance Assessment – HLP Rights*

Assessment of performance outcomes for the HLP Rights will be evaluated on or around 27 August 2025. The relevant proportions of HLP Rights that achieve the performance hurdles will vest on 22 September 2025, and will be exercisable between 22 September 2025 and 5.00pm (Sydney time) on 23 September 2030. Any HLP Rights not vested on 22 September 2025 or which have vested but not been exercised by 5.00pm (Sydney time) on 23 September 2030 will lapse.

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

The Company will grant Mr. Peck ELP Rights with a face value of 50% of Base Remuneration.

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 2022 grant, the number of ELP Rights to be granted to Mr. Peck is 455,000. 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 21 September 2022 (i.e. \$0.7425 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 – ELP Rights*

If this resolution is passed, the 2022 ELP Rights will be issued on 25 November 2022.

(D) *Performance Period – ELP Rights*

The ELP Rights performance hurdle will be measured over a four year Performance Period. The Performance Period for the 2022 ELP Rights is 1 July 2022 to 30 June 2026. At the end of this four year period the performance conditions, as outlined below, will be tested.

(E) *Performance Conditions – ELP Rights*

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 securityholder 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 2022 grant, the proportion of HLP Rights that will vest will be determined using a base share price of \$0.725, being the VWAP of the Company's shares on the ASX over the 20 trading days ending at close of trade on 30 June 2022.

In order for any 2022 ELP Rights to vest, the Company must achieve a TSR CAGR over the Performance Period of at least 35% annual return on a compound basis. Where this 35% 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 50% annual return on a compounded basis. This may be summarised as follows:

<b>TSR CAGR</b>	<b>ELP Rights that Vest</b>
Less than 35%	0%
35.0%	30%
35.0 % to 50.0%	30% to 100% on a straight line basis
50.0% or more	100%

(F) *Performance Assessment – ELP Rights*

For the 2022 ELP Rights, performance criteria will be assessed on or around 26 August 2026. The relevant proportion of the ELP Rights granted that achieve their performance targets will vest on 23 September 2026, and will be exercisable between 23 September 2026 and 5.00pm (Sydney time) on 23 September 2031. Any ELP Rights not vested on 23 September 2026 or which have vested but not exercised by 5.00pm (Sydney time) on 23 September 2031 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 2022 is subject to approval by the Company's securityholders (i.e. the passing of the resolution set out in Agenda Item 4).

Further:

(A) The Company's agreed arrangement with Mr. Peck to issue Rights to him in each year following 2022 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 2022;



- (II) Mr. Peck continuing to be the Managing Director of the Company; and
  - (III) approval by the Company's securityholders of the grant of Rights to Mr. Peck.
- (B) Each Right which vests will entitle Mr. Peck to subscribe for one ordinary Share, plus additional Shares equal in value to the dividends paid by the Company on the underlying Shares over the period from the relevant vesting date to the exercise date on a reinvested basis, and subject to the Plan Rules.
- (C) No re-testing of vesting performance outcomes will be permitted. Rights which have not vested on the relevant vesting date as a consequence of the performance targets not having been achieved will lapse.

#### 4.4 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 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.

#### 4.5 Company's Share Trading History

The trading history of the Company's shares on the ASX in the 12 months to 23 September 2022 is as follows:

	Price	Date
Highest closing price	\$1.10	28 September 2021
Lowest closing price	\$0.66	30 June 2022
Last closing price	\$0.70	23 September 2022

#### 4.6 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 (23 September 2022) has been determined to be \$600,010 adopting a discounted cash flow methodology for the HLP Rights, and a Monte-Carlo simulation based on the Black-Scholes methodology for the ELP Rights. In calculating the value of these Rights, the following inputs were used:

Valuation date	23 September 2022
Share price on the valuation date	\$0.70
Vesting date – HLP Rights	22 September 2025
Vesting date – ELP Rights	23 September 2026
Dividend yield per annum	5.7%
Risk free rate - ELP Rights	3.67%
Volatility - ELP Rights	54%
Indicative value per Right – HLP Rights	\$0.59
Indicative value per Right – ELP Rights	\$0.14
Total value of Rights to be issued	\$600,010

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

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

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

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

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

If all Mr. Peck's 2022 Rights vest and are exercised, it is expected that such exercise will have a small dilutionary effect on existing securityholders' 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 0.977% of the issued shares in the Company on a fully diluted basis, as illustrated in the following table:

MCP ordinary securityholder	Before conversion of 2022 Rights to be issued to Mr. Peck <sup>2</sup>		After conversion of 2022 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	0.038%	1,419,400	0.977%
All MCP ordinary securityholders other than Grant Peck and his associates	143,893,741	99.962%	143,893,741	99.023%
<b>TOTAL</b>	<b>143,949,141</b>	<b>100.0%</b>	<b>145,313,141</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.

#### 4.9 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 4 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 securityholders approve such participation for the purposes of ASX Listing Rule 10.14.

#### 4.10 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.

#### 4.11 Voting Exclusions

In accordance with the Corporations Act, the Company will disregard any votes cast in respect of Agenda Item 4 (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 4.

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Agenda Item 4 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 4 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on Agenda Item 4, in accordance with directions given to the proxy or attorney to vote on Agenda Item 4 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 4, in accordance with a direction given to the chair to vote on Agenda Item 4 as the chair decides. The person chairing the meeting intends to vote all available proxies in favour of Agenda Item 4; 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 4; and
  - (B) the holder votes on Agenda Item 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

