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# McPherson's Limited Risk & Compliance Committee Charter

April 2024

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# Risk & Compliance Committee Charter

## 1. PRIMARY PURPOSE

- (a) The Risk and Compliance Committee (**Committee**) is established by the Company's Board of Directors (**Board**) to assist the Board in the discharge of its duties and responsibilities by monitoring, reviewing, evaluating and to make recommendation to the Board in relation to:
  - (i) the Company's Risk & Compliance Policy and Framework;
  - (ii) the Company's risk tolerance and alignment of risk and compliance management with the risk appetite (as determined by the Board) and the Company's goals and objectives;
  - (iii) the Company's risk and compliance programs;
  - (iv) compliance with the Company's policies and procedures;
  - (v) significant legal or regulatory compliance exposures including significant litigation, disputes and material incidents and reports; and
  - (vi) material communications from government or regulatory authorities.
- (b) The Committee will also:
  - (i) monitor management's setting of the tone and developing a corporate culture relating to risk and compliance management, promoting open discussion regarding risk and compliance, integrating risk and compliance management into the Company's goals, objectives and compensation structure and creating a corporate culture such that people at all levels effectively manage risk and compliance issues; and
  - (ii) have oversight over the Company's global insurance program and the adequacy of this program.
- (c) This Charter should be read in conjunction with the charters of the Audit Committee and the People and Culture Committee. The Committee will also, when requested by the Audit Committee or the Board, assist in the discharge of the Company's duties and responsibilities relating to financial compliance (including internal and external audit, financial reporting and disclosures to shareholders and other stakeholders).

## 2. AUTHORITY AND MEMBERSHIP

### 2.1 Authority

The Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or management to the implementation of these recommendations, other than where the Board has delegated authority to the Committee. The Board retains overall responsibility for oversight of the Company's risk and compliance function.

### 2.2 Membership

- (a) The Committee will consist of a minimum of three members and shall comprise a majority of independent non-executive directors and an independent chair who is not the chair of the Board.
- (b) Committee members should be appropriately familiar with and understand risk management principles, compliance obligations and risk and compliance reporting requirements.
- (c) The Board will appoint the Committee Chair who must be an independent non-executive director.

- (d) Any non-executive director may attend a meeting of the Committee for the purposes of discussion but is not entitled to vote.
- (e) In the event that a member of the Committee retires from the Board for any reason then that member shall cease to be a member of this Committee.

### **3. MEETINGS**

#### **3.1 Quorum**

The quorum for any Committee meeting shall be two members.

#### **3.2 Number and frequency of meetings**

- (a) The Committee shall meet as frequently as required or as determined by the Committee chairperson but not less than quarterly with an agenda and briefing papers circulated in a timely manner prior to the meeting.
- (b) Additional meetings may be called in response to requests by any member of the Committee or specific events.
- (c) Committee members and other directors will be provided access to Committee meeting papers in relation to any meeting of the Committee.

#### **3.3 Attendance at meetings**

- (a) Committee members are expected to attend every meeting of the Committee unless an apology is given to the Committee Chair and/or the Company Secretary, as appropriate.
- (b) Attendance at Committee meetings may be in person or by way of telephone or other electronic means or any combination of these.
- (c) The Chief Executive Officer and Managing Director, the Chief Financial Officer and the General Counsel & Company Secretary will be invited to attend meetings of the Committee, as appropriate and as requested by the Committee.
- (d) The Committee may invite any member of management, adviser, consultant or other individual to attend meetings.
- (e) The Company Secretary shall be the Committee Secretary, subject to the discretion of the Committee. The Committee Secretary will attend all meetings to minute proceedings, subject to the discretion of the Committee. The Committee Chair may direct the Company Secretary or some other individual to prepare a meeting agenda for the Committee Chair's approval prior to distribution.

#### **3.4 Minutes of meetings**

Minutes shall be taken at Committee meetings by the Company Secretary or by any other individual present at the meeting. Within a reasonable time after a meeting a draft of the minutes must be prepared and presented to the Committee Chair for approval prior to distribution. The approved draft minutes will then be circulated to the other members of the Committee and to the Board at an appropriate time. Minutes will usually be confirmed at the next scheduled meeting of the Committee.

#### **3.5 Access to independent advice, company information, management and the auditors**

- (a) The Committee may consult with 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 and responsibilities.
- (b) The Committee will have unlimited rights to access Company records and information, and to management and all other staff.

- (c) The Committee will have unlimited rights to access the external auditors and the internal auditors and is able to consult with them in relation to risk and compliance matters, as required.

#### **4. REPORTING TO THE BOARD**

- (a) The Committee will report to the Board on all matters relating to the Committee's duties and responsibilities as outlined in this Charter.
- (b) Reports to the Board should include:
  - (i) the Committee minutes or a summary of major matters discussed, recommended or noted;
  - (ii) any formal recommendations of the Committee requiring Board approval;
  - (iii) general information about the risk management and compliance processes including the results of any external risk reviews;
  - (iv) 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
  - (v) a summary of the annual self-assessment review of the Committee and its outcome undertaken in accordance with this Charter.

#### **5. DUTIES AND RESPONSIBILITIES**

##### **5.1 Primary duties and responsibilities**

- (a) The Committee has the primary duty and responsibility to oversee and make recommendations to the Board in relation to the following matters:
  - (i) the Company's Risk & Compliance Policy and Framework;
  - (ii) that there is an effective system of risk and compliance monitoring within the Company to identify material risk and compliance issues facing the Company and to manage such risks and compliance issues to minimise losses and to maximise opportunities;
  - (iii) the implementation of action plans developed by management to address material business risks and compliance issues within the Company and to regularly review such action plans;
  - (iv) the Company's global insurance program and the adequacy of such program; and
  - (v) any other risk and compliance matter referred to it by another committee of the Board or by the Board.
- (b) For the purposes of this Charter, 'Risk & Compliance Policy and Framework' includes the Company's policies and procedures for risk identification, measurement, controls, mitigation, monitoring and reporting.

##### **5.2 Risk Management**

The duties and responsibilities of the Committee will include:

- (a) monitoring and reviewing the Company's Risk & Compliance Policy Framework on a regular basis (at least annually), including risk management policies, strategies, processes and procedures, to satisfy itself that these things remain relevant and effective;
- (b) monitoring and reviewing management's processes for the implementation of its legal obligations arising under statute, the common law or by virtue of written agreements or contracts entered into by the Company;

- (c) monitoring and reviewing management's processes to support the Company's compliance with the Corporations Act and the ASX Listing Rules;
- (d) receiving and considering reports from management with respect to known contemporary and emerging material business risks and material compliance issues including identification, mitigation and management;
- (e) monitoring 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:
  - (i) ensuring an appropriate ESG strategy is in place and endorsed by the Board;
  - (ii) ensuring the ESG strategy is supported by a documented and Board approved ESG Policy incorporating relevant goals;
  - (iii) receiving and considering reports from management with respect to ESG matters and the reporting of outcomes against established goals; and
  - (iv) making recommendations to the Board regarding any proposed external reporting of ESG related matters by the Company.
- (f) monitoring and reviewing:
  - (i) management reports regarding any significant complaints received from internal and external sources, including from the Company's whistle blower hotline;
  - (ii) management's handling of any significant complaints received by the Company; and
  - (iii) management's response to significant complaints to ensure that they are dealt with in a timely manner, fairly, professionally and, where appropriate, independently;
- (g) in conjunction with the Audit Committee, monitoring and reviewing the delegated authority limits of management and compliance with such limits;
- (h) requiring management to report, at least annually, on the operation of the Company's delegated authority limits policy and procedures;
- (i) ensuring that the Company's risk appetite is appropriately set by the Board;
- (j) monitoring and assessing management's process for managing risk and how the Company's businesses apply the processes for managing risk;
- (k) monitoring management's performance against the Risk & Compliance Policy and Framework, including whether it is operating within the risk appetite set by the Board;
- (l) monitoring and reviewing any material incidents involving fraud or a breakdown of the Company's risk controls and the adequacy of any resultant changes implemented;
- (m) making recommendations to the Board in relation to changes that should be made to the Company's Risk & Compliance Policy and Framework or to the risk appetite set by the Board;
- (n) ensuring an appropriate risk-aware culture has been embedded throughout the Company; and
- (o) monitoring and reviewing 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.

### 5.3 Compliance

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

- (a) compliance with Australian laws including consumer protection and competition laws and the *Corporations Act 2001* (Cth);
- (b) compliance with the requirements of the Australian Tax Office, the Australian Securities and Investments Commission and the Australian Securities Exchange;
- (c) compliance with laws in each other jurisdiction in which the Company operates;
- (d) compliance with the Company's documented standards and approved policies and procedures, including the Risk & Compliance Policy and Framework;
- (e) overseeing management's investigation of, and request the investigation of, any significant instances of non-compliance with relevant laws, regulations or the Company's policies or procedures;
- (f) monitoring and reviewing management's handling of potential policy violations, compliance breaches and 'near misses' that are reported to the Committee;
- (g) ensuring that management carries out investigations in a timely manner, and where appropriate, by an independent investigator and that outcomes of investigations are reported to the Committee and to management for further action, as appropriate;
- (h) ensuring that appropriate and measured action is taken by management in response to policy violations and compliance breach reports and that all disclosure obligations relating thereto have been met; and
- (i) ensuring that 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.

### 5.4 Other Matters

In relation to other matters, the duties and responsibilities of the Committee will include:

- (a) ensuring that where any deficiencies or breakdowns in internal control or risk management procedures are identified, management takes prompt and effective remedial action;
- (b) assessing whether management has adequate controls in place for unusual types of transactions that may carry more than an acceptable degree of risk;
- (c) considering the Company's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations;
- (d) reviewing 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;
- (e) considering 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;
- (f) referring any material risks that are relevant to the People & Culture Committee and to the Audit Committee to the relevant board committee for suitable consideration;

- (g) ensuring management maintains a transparent and consistent process for escalating urgent, material risks to the Committee outside of Committee meetings.

**6. APPROVAL OF THE RISK AND COMPLIANCE POLICY AND FRAMEWORK**

- (a) Management will develop the Risk & Compliance Policy and Framework for recommendation by the Committee and approval of the Board.
- (b) The Risk & Compliance Policy and Framework should:
  - (i) set the tone for risk and compliance management in the Company;
  - (ii) indicate how risk management and compliance will support the Company’s goals and objectives; and
  - (iii) include the Company’s principles of risk and compliance management, its risk and compliance objectives and approach and the relevant responsibilities, within the Company.
- (c) The Committee should review the Risk & Compliance Policy and Framework at least annually.

**7. COMMITTEE PERFORMANCE**

The Committee will perform an evaluation of its performance at least annually to determine whether it is effectively:

- (a) functioning in achieving its purpose; and
- (b) discharging its duties and responsibilities as set out in this Charter.

**8. REVIEW OF CHARTER**

- (a) The Board will review this Charter at least annually to ensure it complies with applicable legal requirements and remains relevant and effective.
- (b) This Charter is not intended to be contractual in nature.
- (c) The Board may change this Charter at any time.

**9. PUBLICATION**

A copy of this Charter will be available on the McPherson’s website ([www.mcphersons.com.au](http://www.mcphersons.com.au)) or made available on request.

**10. DOCUMENT CONTROL**

Version	Description	Date
1	Refreshed Charter	February 2022
2	Annual Review	June 2022
3	Annual Review	May 2023
4	Annual Review	April 2024