



McPherson's Limited

ACN 004 068 419

Notice of Annual General Meeting

and

Explanatory Notes for Shareholders

The 2018 AGM will be held at 11.00 a.m. on Wednesday, 21 November, 2018

***At the offices of Thomson Geer, Level 25, 1 O'Connell Street,
Sydney, New South Wales***

Notice of Annual General Meeting

Wednesday, 21 November 2018

McPherson's Limited (MCP or the Company) will hold its Annual General Meeting (AGM) on Wednesday, 21 November 2018 at 11.00 a.m. (AEDT) at the offices of Thomson Geer, Level 25, 1 O'Connell Street, Sydney, New South Wales, for the purpose of transacting the business set out in this notice.

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 2018.

There is no requirement for shareholders to approve these reports.

2 Remuneration Report

To adopt the Remuneration Report for the financial year ended 30 June 2018.

*In accordance with the Corporations Act 2001 (Cth) (**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.*

3 Re-election of a Director – Ms. Jane McKellar

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

“To elect, as a director of the Company, Ms. Jane McKellar, 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. McKellar is set out in the attached Explanatory Notes to this Notice of Annual General Meeting.

The Board (other than Ms. McKellar) recommends that shareholders vote in favour of this resolution.

4 Election of a Director - Mr. Grant Peck

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

“To elect, as a director of the Company, Mr. Grant Peck, who having been appointed a director of MCP on 14 December 2017 in accordance with the Company's Constitution, offers himself for election as a director of MCP.”

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

The Board (other than Mr. Peck) recommends that shareholders vote in favour of this resolution.

5 Election of a Director - Mr. Geoff Pearce

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

“To elect, as a director of the Company, Mr. Geoff Pearce, who having been appointed a director of MCP on 20 February 2018 in accordance with the Company's Constitution, offers himself for election as a director of MCP.”

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

The Board (other than Mr. Pearce) recommends that shareholders vote in favour of this resolution.

6 Election of a Director – Ms. Alison Mew

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

“To elect, as a director of the Company, Ms. Alison Mew, who having been appointed a director of MCP on 24 July 2018 in accordance with the Company's Constitution, offers herself for election as a director of MCP.”

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

The Board (other than Ms. Mew) recommends that shareholders vote in favour of this resolution.

7 Increase Cap on Non-Executive Directors' Remuneration

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

“That in accordance with ASX Listing Rule 10.17 and the Company's Constitution, the total amount of fees that may be paid to MCP's non-executive directors as a whole is increased by \$100,000 per annum to a maximum of \$650,000 per annum.”

Relevant information as to the above resolution is set out in the attached Explanatory Notes to this Notice of Annual General Meeting.

Voting and Proxies

Eligibility to Vote

The Company has determined in accordance with the Corporations Act that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's Register of Members as at 7.00 p.m. (AEDT) on Monday 19 November 2018.

Appointment of Proxy

Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the member. 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. A proxy need not be a member of the Company.

A form of proxy is enclosed.

Last Date to Submit Proxy Form

In order to be valid the properly completed form of proxy must be lodged at the office of the Company's Share Registrar, Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001 (envelope enclosed), by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia), online by visiting www.investorvote.com.au or at the Company's offices at 105 Vanessa Street, Kingsgrove, NSW, 2208, not less than 48 hours before the time appointed for holding the meeting.

Intermediary Online subscribers only (custodian voting) may visit www.intermediaryonline.com to submit their voting intentions.

By Order of the Board



P.R. Bennett
Secretary
Dated: 19 October 2018

Annual General Meeting - Explanatory Notes for Shareholders

Agenda Item 1: Financial Statements and Reports

The Financial Statements, Directors' Report and Auditor's Report for MCP for the year ended 30 June 2018 will be laid before the meeting. There is no requirement for shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the operations and management of MCP. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the auditor's report.

Agenda Item 2: Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2018 (FY2018) is set out on pages 24 to 35 of MCP's 2018 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.

Board Recommendation

The non-executive directors recommend that shareholders vote in favour of this resolution.

Voting Exclusions

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

- (a) by or on behalf of a member of the Key Management Personnel (KMP) of the Company whose remuneration is disclosed in the Remuneration Report and a closely related party of such key management personnel; and
- (b) by a proxy who is a member or a closely related party of any such KMP of the Company.

However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

For the purposes of this voting exclusion, "Key Management Personnel" or "KMP" are 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 2018 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.

Agenda Item 3: Re-election of a Director – Ms. Jane McKellar

Ms. McKellar was appointed an independent non-executive director of MCP on 23 February 2015. She was appointed a member of the Board's Nomination and Remuneration Committee on 24 March 2015 and appointed as Chairman of that committee on 27 April 2015. Ms. McKellar was also appointed a member of the Board's Audit, Risk Management and Compliance Committee with effect from 20 February 2018.

Ms. McKellar is an experienced international senior executive with extensive customer-focused, brand marketing and digital experience across a number of high-profile, global brands.

Ms. McKellar commenced her career at Unilever in London and her subsequent roles have included global CEO of Stila Corporation; Managing Director of Elizabeth Arden Australia; Founding CEO of Excite.com Asia Pacific; Director of Sales and Marketing for Microsoft (MSN); and Founding Director of Ninemsn.

Ms. McKellar holds a Master of Arts (Hons) from the University of Aberdeen and is a Graduate of the Australian Institute of Company Directors.

The directors (other than Ms. McKellar), consider that Ms. McKellar has made a significant and positive contribution to the company as a director, through her Chairmanship of the Nomination and Remuneration Committee and more recently as a member of the Audit, Risk Management and Compliance Committee.

Board Recommendation

The directors (other than Ms. McKellar) recommend that shareholders vote in favour of the resolution for Ms. McKellar's re-election.

Agenda Item 4: Election of a Director – Mr. Grant Peck

Mr. Peck was appointed an independent non-executive director of MCP on 14 December 2017. With effect from 20 February 2018, Mr. Peck was appointed a member and as Chairman of the Board's Audit, Risk Management and Compliance Committee, and a member of the Board's Nomination and Remuneration Committee.

Mr. Peck has more than 27 years of branded consumer goods experience both domestically and internationally, including leading the finance and supply chain functions in both large and mid-sized FMCG (fast moving consumer goods) organisations. He has a strong record of delivering improved performance outcomes across varied functions, business sectors and geographies.

Mr. Peck most recently held the position of Chief Financial Officer of Carlton & United Breweries (part of the SAB Miller Group) and was previously the Group Managing Director of Supply for CUB with the Fosters Group.

Currently the CEO of Sunny Ridge Farms, Mr. Peck has also held senior general management roles in the food industry with McCormick & Co, where he was responsible for the industrial products business in Australia, and also Chief Financial Officer for the Asia Pacific region with responsibility for operations in China, Singapore and joint ventures throughout Asia.

Through his career Mr. Peck has worked extensively with listed company boards, and audit and risk committees, both in Australia and overseas.

Mr. Peck holds a Bachelor of Financial Accounting and is an Associate Chartered Accountant.

The directors (other than Mr. Peck) consider that Mr. Peck's qualifications and experience equip him well to make a valuable contribution to the Company in his role as a member of the Board and as Chairman of the Company's Audit, Risk Management and Compliance Committee, which has been evidenced by his strong contribution in each capacity to date.

Board Recommendation

The directors (other than Mr. Peck) recommend that shareholders vote in favour of the resolution for Mr. Peck's election.

Agenda Item 5: Election of a Director – Mr. Geoff Pearce

Mr. Pearce was appointed an independent non-executive director of MCP on 20 February 2018.

Mr Pearce has more than 40 years business 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 currently the Chairman of ASX listed pharmaceutical manufacturer Probiotec Limited and is on the board of ASX listed Cann Group Limited, one of Australia's first manufacturers of medicinal cannabis. Since 1997, he has owned and operated The Continental Group, a private import / export trading business focused on pharmaceutical and cosmetic components.

Mr. Pearce was previously a co-founder and director of now ASX listed hair and skincare company BWX Limited.

The directors (other than Mr. Pearce) consider that Mr. Pearce has significant relevant experience which will allow him to make a valuable contribution to the Company in his role as a member of the Board, as evidenced by his strong contribution as a director of MCP to date.

Board Recommendation

The directors (other than Mr. Pearce) recommend that shareholders vote in favour of the resolution for Mr. Pearce's election.

Agenda Item 6: Election of a Director – Ms. Alison Mew

Ms. Mew was appointed an independent non-executive director of MCP on 24 July 2018.

Ms. Mew 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. She is also familiar with the regulatory environment that governs the healthcare market. In addition to these technical and operational activities, she has been involved in corporate acquisitions and divestments as well as the strategic planning process.

Ms. Mew, with a background in science, 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.

Currently a Consultant / Director for the Centre for Biopharmaceutical Excellence Pty Ltd, Ms. Mew provides consulting services to the life sciences industry, in areas of technical operations, strategy and management. Ms. Mew has also held consulting and senior managerial positions with large multinational companies as well as SMEs, including CSL Limited, Innovative Process Solutions Pty Ltd and Ego Pharmaceuticals Pty Ltd and has recent relevant experience in the Asian market, consulting on manufacturing processes and compliance.

Ms. Mew holds a Bachelor of Science and a Master of Science (Microbiology) and has undertaken the Executive Development Programme at Melbourne Business School.

The Directors (other than Ms. Mew), consider that Ms. Mew has the qualifications and experience to allow her to make a valuable contribution to the Company in her role as a member of the Board, as evidenced by her valuable contribution to date.

Board Recommendation

The directors (other than Ms. Mew) recommend that shareholders vote in favour of the resolution for Ms. Mew's election.

Agenda Item 7: Increase Cap on Non-Executive Directors' Remuneration

ASX Listing Rule 10.17 requires that a listed company obtains shareholder approval for any increase in the total amount of non-executive directors' remuneration payable by it. In addition, Rule 47(b) of the Company's Constitution also requires that any increase in the total amount payable by MCP to its non-executive directors as remuneration for their services must be approved by the Company in general meeting.

The Board of the Company resolved on 24 July 2018, subject to shareholder approval, to increase the maximum amount that may be paid by the Company to its non-executive directors as remuneration for their services to a maximum aggregate of \$650,000 per annum.

The MCP Board is therefore asking shareholders to approve the increase in the maximum amount of fees that may be paid to non-executive directors by \$100,000, from \$550,000 to \$650,000 per annum.

The current limit was approved by shareholders at MCP's 2010 Annual General Meeting.

The proposed new maximum amount takes into account a change in the number of MCP's non-executive directors, while continuing to provide a fee buffer to allow flexibility.

The fees paid to non-executive directors in FY2018 (including base fees, committee fees and superannuation) totalled \$462,806. However, the number of MCP's non-executive directors has increased from four to five in July 2018 following the appointment of Ms. Alison Mew. The proposed new maximum amount allows for this change and also provides a buffer to give the MCP Board flexibility in planning its structure including the appointment of an additional director, if considered appropriate.

The Board expects the total remuneration of non-executive directors during the year ending 30 June 2019 will be significantly below \$650,000, but the increased maximum will enable the Company to remunerate each of its non-executive directors at levels appropriate to their qualifications, experience and current market expectations and / or to expand the Board if required.

In summary, and for the purposes of ASX Listing Rule 10.17:

- (a) the amount of the increase in all non-executive directors' fees (inclusive of superannuation) payable by the Company if this resolution is approved will therefore be \$100,000; and
- (b) the maximum annual amount that may be paid to Non-Executive Directors as a whole by the Company (inclusive of superannuation) will be \$650,000.

Board Recommendation

Given the interest in this matter of each non-executive director, the Board as a whole makes no recommendation on this resolution.

Voting Exclusions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Agenda Item 7:

- (a) by or on behalf of the directors or their associates, regardless of the capacity in which the vote is cast; or
- (b) as a proxy by a member of the KMP at the date of the meeting, or that KMP's closely related party,

unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- (c) in accordance with their directions of how to vote as set out in the proxy appointment, or by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

