

# Notice of Annual General Meeting

Notice is hereby given that the 2020 Annual General Meeting (**AGM**) of shareholders of Ramsay Health Care Limited (**Company**) is to be held on Tuesday, 24 November 2020 at 10.30am (Sydney time).



## WATCH AND PARTICIPATE LIVE ONLINE

In response to Government restrictions and the potential health risks arising from the coronavirus (COVID-19) pandemic, this year the Company's AGM will be held virtually. There will not be a physical meeting where shareholders can attend in person, but shareholders who wish to participate in the AGM may do so by accessing one of the following virtual platforms:

- From their computer, by entering the URL into their browser: <https://web.lumiagm.com/377315778>
- From their mobile device by either:
  - entering the URL in their browser: <https://web.lumiagm.com/377315778>, or
  - using the **Lumi AGM app**, which is available by downloading the app from the Apple App Store or Google Play Store.

To watch, vote, make comments and ask questions at the online AGM, you will need to log in to your preferred online platform and enter:

- The meeting ID, which is – 377315778
- **For Shareholders:**
  - Your Voting Access Code (VAC), which is located on your proxy form or on your notification email.
  - Your postcode, which is the postcode registered to your holding if you are an Australian shareholder, or if you are an **overseas shareholder**, your country code (common country codes are included at the back of this Notice of Meeting or can be obtained by contacting Boardroom on 1300 668 019 or [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)).
- **For proxy holders:** If you have been nominated as a proxy, please contact Boardroom on 1300 668 019 or [proxy@boardroomlimited.com.au](mailto:proxy@boardroomlimited.com.au) for AGM login details.

Attending the meeting online enables shareholders to view the AGM live and to also ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

More information regarding participating in the AGM online can be found by visiting [www.boardroomlimited.com.au/agm/ramsay](http://www.boardroomlimited.com.au/agm/ramsay).

### Options for voting – prior to the AGM

Even if you plan to attend the AGM online, we encourage you to submit a directed proxy vote as early as possible so that your vote will be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the AGM that prevents you from attending online).

Included with this Notice of meeting are Explanatory Notes and a Proxy Form. Shareholders can lodge their proxy online at [www.votingonline.com.au/ramsayagm2020](http://www.votingonline.com.au/ramsayagm2020) or complete and return a hard-copy proxy form by **10:30am (AEDT) on Sunday, 22 November 2020**. Proxy forms can be obtained by contacting Boardroom at [proxy@boardroomlimited.com.au](mailto:proxy@boardroomlimited.com.au).



## OPTIONS FOR ASKING QUESTIONS

Shareholders may direct questions during the Meeting to the Chairman about the operations and management of Ramsay, or to Ramsay's external auditor, Ernst & Young.

Shareholders can also submit their questions before the Meeting by emailing questions to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au) by no later than 5:00pm (AEDT) on Tuesday, 17 November 2020. The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to any shareholder.





## **MORE INFORMATION**

Further information is available at [www.boardroomlimited.com.au/agm/ramsay](http://www.boardroomlimited.com.au/agm/ramsay)

# AGENDA

## BUSINESS

### 1. Consideration of Reports

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditors for the financial year ended 30 June 2020.

### 2. Adoption of the Remuneration Report

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

“**That** the Remuneration Report, which forms part of the Directors’ Report for the year ended 30 June 2020, be adopted.”

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution (see Item 2 of the Explanatory Notes to this Notice of Meeting).

### 3. Election and re-election of Director candidates

#### 3.1 Mr Michael Stanley Siddle

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

“**That** Mr Michael Stanley Siddle, a Non-Executive Director of the Company, being eligible, is re-elected as a Non-Executive Director of the Company.”

Note: Information about Mr Siddle appears in Item 3.1 of the Explanatory Notes to this Notice of Meeting.

#### 3.2 Ms Karen Lee Collett Penrose

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

“**That** Ms Karen Lee Collett Penrose, a Non-Executive Director of the Company, being eligible, is elected as a Non-Executive Director of the Company.”

Note: Information about Ms Penrose appears in Item 3.2 of the Explanatory Notes to this Notice of Meeting.

### 4. Grant of Performance Rights to Managing Director for FY2021

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

“**That** approval is given for the issue of 55,563 performance rights to the Managing Director, Mr Craig Ralph McNally, under the Equity Incentive Plan, on the terms and conditions outlined in the Explanatory Notes to this Notice of Meeting.”

Note: A voting exclusion statement applies to this resolution (see Item 4 of the Explanatory Notes to this Notice of Meeting).

### 5. Approval of Non-Executive Director Share Rights Plan for Purpose of Salary Sacrifice

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

“**That** approval is given for all purposes for the grant of share rights, and the allocation of shares in the Company on exercise of those share rights, to all current and future Non-Executive Directors who choose to salary sacrifice a portion of their remuneration under the Non-Executive Director Share Rights Plan, as described in the Explanatory Notes to this Notice of Meeting.”

Note: A voting exclusion statement applies to this resolution (see Item 5 of the Explanatory Notes to this Notice of Meeting).

## CONTINGENT BUSINESS

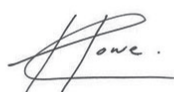
### 6. Contingent Spill Resolution

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

“**That**, subject to and conditional on at least 25% of the votes cast on item 2 being cast against the Remuneration Report:

- an extraordinary general meeting of the Company (the **Spill Meeting**) be held within 90 days of the passing of this resolution;
- all of the Non-Executive Directors in office when the resolution to approve the Remuneration Report for the financial year ended 30 June 2020 was passed (being Michael Siddle, Peter Evans, Alison Deans, James McMurdo, Karen Penrose, Claudia Süßmuth Dyckerhoff, David Thodey AO) who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”

By Order of the Board



Henrietta Rowe  
Group General Counsel & Company Secretary  
Sydney, New South Wales  
Australia  
14 October 2020

# NOTES

## 1. Attending online

Shareholders can watch and participate in the AGM online by accessing one of the following virtual platforms:

- From their computer, by entering the URL into their browser: <https://web.lumiagm.com/377315778>
- From their mobile device by either: entering the URL in their browser: <https://web.lumiagm.com/377315778>, or using the **Lumi AGM app**, which is available by downloading the app from the Apple App Store or Google Play Store.

To participate and vote online you will need your Voting Access Code (VAC), which is located on your proxy form or on your notification email and your postcode, which is the postcode registered to your holding if you are an Australian shareholder. If you are an overseas shareholder, you will need your country code (common country codes are included at the back of this Notice of Meeting or can be obtained by contacting Boardroom). Proxy holders will need to contact Boardroom on 1300 668 019 or [proxy@boardroomlimited.com.au](mailto:proxy@boardroomlimited.com.au) for AGM login details no later than 24 hours prior to the meeting and following lodgement of the proxy appointment. Online participants should register at least 15 minutes before the AGM.

More information regarding participating in the AGM online can be found by visiting [www.boardroomlimited.com.au/agm/ramsay](http://www.boardroomlimited.com.au/agm/ramsay).

## 2. Technical Difficulties

Technical difficulties may arise during the course of the AGM. The Chairman has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where he considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by **10:30am (AEDT) Sunday, 22 November 2020** even if they plan to attend online.

## 3. Proxies

- a) A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on the member's behalf. A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half the member's votes.
- b) A proxy need not be a member of the Company. A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the AGM. The representative should ensure that the Company has been given evidence of his or her appointment, including any authority under which the appointment is signed, in advance of the AGM.

- c) The Chairman intends to call a poll on each of the resolutions set out in this Notice of Meeting. On a poll, if:

- a member has appointed a proxy (other than the Chairman of the meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that member's proxy is either not recorded as attending the meeting or does not vote on the resolution,

the Chairman of the meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the member for the purposes of voting on that resolution and must vote in accordance with the written direction of that member.

- d) Where the Chairman of the meeting is appointed, or is taken to be appointed, as a member's proxy and that member has not specified the way in which he is to vote for Items 2, 4, 5, or 6, then by completing and submitting the proxy form the member is expressly authorising the Chairman of the meeting to exercise the proxy as he decides notwithstanding that the Item is connected with the remuneration of the Company's key management personnel.
- e) The Chairman of the meeting intends to cast all available proxies in FAVOUR of Items of business 2 to 5, and AGAINST resolution 6 (the contingent board spill resolution).
- f) For an appointment of a proxy for the meeting to be effective, the proxy's appointment and the power of attorney (if any) under which it is signed (or satisfactory proof of that power or a certified copy of it), must be received by the Company at the registered office or at the office of the Company's share registry, Boardroom Pty Limited, no later than **10:30 am (Sydney time) on Sunday, 22 November 2020**:

By hand: Boardroom Pty Limited  
Level 12  
225 George St  
Sydney NSW 2000  
Australia

By mail: Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001  
Australia

By facsimile: +61 2 9290 9655

Online Voting: [www.votingonline.com.au/ramsayagm2020](http://www.votingonline.com.au/ramsayagm2020)

## 4. Corporate representatives

Corporate members should either: appoint a proxy (as set out above), appoint a corporate representative, or appoint an attorney.

The instrument of appointment of a corporate representative must be received by the Company in advance of the meeting.

## 5. Entitlement to vote

For the purposes of determining entitlements to attend and vote at the meeting, shares will be taken to be held by the persons who are the registered holders at **10:30am (Sydney time) on Sunday 22 November 2020**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## 6. Questions and comments on management of the Company

In accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**), a reasonable opportunity will be given to shareholders, as a whole, to ask questions about or make comments on the management of the Company at the meeting.

A shareholder entitled to attend and be heard at the AGM may submit a written question to the Company before the meeting. Any questions should be emailed to [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au) by no later than 5:00pm (AEDT) on (Sydney time) on Tuesday, 17 November 2020. The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to any shareholder.

## 7. Questions for the Auditor

Shareholders may submit written questions to the Company's Auditor, Ernst & Young, if the question is relevant to the content of Ernst & Young's Audit Report for the year ended 30 June 2020 or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2020.

Relevant written questions for the Auditor must be received by the Company by no later than 5:00 pm (Sydney time) on Tuesday, 17 November 2020. Please send any written questions:

By hand: Boardroom Pty Limited  
Level 12  
225 George St  
Sydney NSW 2000  
Australia

By mail: Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001  
Australia

By facsimile: +61 2 9290 9655

A list of relevant written questions will be made available to shareholders attending the meeting. While the Auditor is not obliged to provide written answers, if written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting.

# EXPLANATORY NOTES

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the forthcoming Annual General Meeting (**AGM**). They relate to the resolutions set out in the Notice of Meeting and form part of the Notice of Meeting.

## ITEM 1 – CONSIDERATION OF REPORTS

The Financial Report of the Company for the year ended 30 June 2020 and the Reports of the Directors and Auditor for the same period will be presented for consideration.

As part of this item of business, the Chairman of the meeting will give shareholders a reasonable opportunity to ask questions about or make comments on the management of the Company.

The Chairman of the meeting will also give shareholders a reasonable opportunity to ask the Company's Auditor, Ernst & Young, questions relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Auditor's Report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the Auditor in relation to the conduct of the audit.

## ITEM 2 – ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report for the year ended 30 June 2020 in the 2020 Annual Report.

At our 2019 AGM, the Company received a 'first strike' on its Remuneration Report. Following this, the Ramsay Board and People & Remuneration Committee have consulted extensively with proxy advisors, institutional investors and other stakeholders. We appreciate the time and thought given by all stakeholders in this period of consultation. The feedback received has been valuable and we have incorporated it into the ongoing evolution of our remuneration framework. We acknowledge the concerns raised by all stakeholders and the Board has outlined its response in this year's Remuneration Report.

The Chairman of the meeting will give shareholders a reasonable opportunity to ask questions about, or comment on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board does take the outcome of the vote and discussion at the AGM into account in setting remuneration policy for future years.

### Directors' Recommendation

The Directors recommend that you vote in favour of this advisory resolution.

### Voting Exclusion Statement

The Company will disregard any votes cast on Item 2:

- by or on behalf of a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2020 or their closely related parties (such as close family members and any controlled companies) regardless of the capacity in which the vote is cast; and
- as a proxy by a member of KMP as at the date of the AGM, or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 2:

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as he decides even though Item 2 is connected with the remuneration of KMP.

## ITEM 3 – ELECTION AND RE-ELECTION OF DIRECTOR CANDIDATES

On 16 November 2017, Mr Michael Stanley Siddle was re-elected a Director of the Company. Mr Siddle is offering himself for re-election in accordance with clause 7.1(d) of the Company's Constitution and his profile is set out in Item 3.1 below.

On 1 March 2020, Ms Karen Penrose was appointed as a Director of the Company. Ms Penrose is offering herself for election in accordance with clause 7.1(c) of the Company's Constitution and her profile is set out in Item 3.2 below.

The Company undertook appropriate checks into Ms Penrose's background and experience before appointing her as a Director. The Company confirms that these checks have not revealed any information of concern.

### 3.1 Mr Michael Stanley Siddle

*Chairman, Non-Executive Director, member of the People & Remuneration Committee and Nomination & Governance Committee – Appointed as Chairman 27 May 2014 and last re-elected on 16 November 2017*

Mr Michael Siddle was appointed as Chairman of the Company on 27 May 2014, having formerly been Deputy Chairman for 17 years and a founding Director. He has built up significant knowledge of the business and the private hospital industry after starting with the Company in 1968. Mr Siddle has extensive experience in the management of private hospitals and has been integrally involved in Ramsay Health Care's successful expansion through construction, mergers and acquisitions.

Mr Siddle serves as a member of the Company's People & Remuneration Committee and Nomination & Governance Committee.

Mr Siddle is also a Trustee of the Paul Ramsay Foundation.

During the last three years, Mr Siddle has not served as a director of any listed companies other than Ramsay Health Care Limited.

During FY20, the Board undertook its annual review of each Director's independence. Following the introduction of the 4th edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and updates to commentary about director independence, the Board concluded that given Mr Siddle's role as director of Paul Ramsay Holdings Pty Limited (PRH), which is a subsidiary of Paul Ramsay Foundation Limited (PRF), and his tenure on the Board, Mr Siddle would not be considered to be independent under the 4th Edition ASX Recommendations which apply to the Company from 1 July 2020.

Notwithstanding this decision, the Board considers that Mr Siddle adds significant value to the Board's deliberations given his considerable industry experience and expertise, as well as the corporate knowledge he brings to Board deliberations, and for these reasons supports his re-election.

### Directors' recommendation

The Directors (with Mr Siddle abstaining) unanimously recommend that you vote in favour of this resolution.

### 3.2 Ms Karen Lee Collett Penrose

*Non-Executive Director, Chair of the Audit Committee and member Risk Management Committee – Appointed 1 March 2020*

Ms Karen Penrose has had an extensive executive career in leadership and CFO roles, mainly in financial services. She is well-versed in financial management, customer outcomes and operating in a rapidly changing regulatory environment which stems from 20 years in banking with Commonwealth Bank and HSBC and eight years as a listed-company CFO.

Ms Penrose has been a full-time director since 2014 and is an experienced committee chair of audit and risk. In addition to being a Non-Executive Director of Ramsay Health Care, Ms Penrose also serves as a Director of Vicinity Centres, Bank of Queensland, and Estia Health. Ms Penrose is a member of Chief Executive Women and on the Board of Marshall Investments Pty Limited.

In the past three years, Ms Penrose has served as a Director of the following listed companies:

- Vicinity Centres (Appointed June 2015)
- Bank of Queensland (Appointed November 2015)
- Estia Health (Appointed October 2018)
- Spark Infrastructure Group (Resigned May 2020)
- Future Generation Global Investment Company Limited (Resigned October 2018)
- AWE Limited (Resigned April 2018)

The Board considers Ms Penrose to be independent.

The Board supports the election of Ms Penrose. Ms Penrose brings to the board considerable experience in capital management, finance and strategy.

### Directors' recommendation

The Directors (with Ms Penrose abstaining) unanimously recommend that you vote in favour of this resolution.

## ITEM 4 – GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a Director under an employee incentive scheme.

The Company is seeking shareholder approval for the proposed grant of performance rights (**PRs**) to the Managing Director, Mr Craig McNally under the Equity Incentive Plan (the **Plan**). The Board, consistent with past practice, is intending to source the shares to satisfy the vesting of PRs through on-market purchases which are excluded from the operation of Listing Rule 10.14.

Despite the fact that no new shares are intended to be issued in respect of the PRs, the Board is nonetheless seeking this shareholder approval in the interests of transparency and good corporate governance and to preserve flexibility in case, for any reason, it is ultimately considered in the Company's best interests to issue shares rather than source them on-market.

If shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise the Managing Director.

Under the Company's Long Term Incentive (**LTI**), each PR is an entitlement to receive a fully-paid ordinary share in the Company on terms determined by the Board, including vesting conditions linked to service and performance over a 3 year performance period. If the vesting conditions are satisfied, the PRs vest and shares (or, in limited instances, an equivalent cash payment) will be delivered to the executive. While the number of PRs to vest will primarily be determined by testing against the performance conditions, the Board retains the discretion to reduce the PR vesting outcome where it considers it appropriate in light of the Group's performance overall and any other relevant circumstances.

The Board, on the recommendation of the People & Remuneration Committee, proposes to grant PRs to Mr McNally in accordance with the terms of the Plan. The proposed grant of PRs to Mr McNally are in accordance with the Company's LTI strategy of aligning the LTI element of executive remuneration with the creation of shareholder wealth by linking reward with the strategic goals and performance of the Company.

The face value of the proposed grant of PRs to Mr McNally in FY2021 has been set at 175% of his total fixed remuneration (i.e. \$3,650,325).

ASX Listing Rule 10.15.4 requires this Notice of Meeting to include details (including amount) of Mr McNally's current total remuneration:

Fixed Remuneration (including superannuation) ( <b>FR</b> )	\$2,085,900
Short-term incentive	100% of FR at target (i.e. \$2,085,900) 125% of FR at maximum (i.e. \$2,607,375)
Long-term incentive	175% of FR on a face value basis (i.e. \$3,650,325)

Please refer to pages 26 to 53 of the FY2020 Remuneration Report contained in the Company's 2020 Annual Report for full details of Mr McNally's remuneration package.

Mr McNally will be granted 55,563 PRs. The number of PRs has been determined by dividing the FY2021 grant value of \$3,650,325 by the 5-day Volume Weighted Average of the Company's share price up to and including 1 July 2020 (\$65.6968), with 1 July being the first trading day of the performance period.

The Company grants the LTI in the form of PRs because they create share price alignment between Mr McNally and shareholders but do not provide the full benefits of share ownership (such as dividend and voting rights) unless the PRs vest.

### Performance Conditions:

The PRs proposed to be granted to Mr McNally will be divided into two equal tranches that are to be tested independently from each other:

- The first tranche will be subject to a relative total shareholder return (**TSR**) performance hurdle (**Parcel A**).
- The second tranche will be subject to an average actual return on invested capital (**ROIC**) and an earnings per share (**EPS**) performance hurdle (**Parcel B**).

There will be no retesting of either of the performance conditions.

#### a) TSR Performance Hurdle:

The relative TSR hurdle will be determined by measuring and ranking the Company's TSR at the end of the 3 year performance period relative to a comparator group comprising the S&P/ASX 100 index (adjusted as set out below).

The Board has determined that the S&P/ASX 100 index is the most appropriate comparator group for the FY2021 grant given the Company's sustained growth in market capitalisation in recent years. This comparator group is adjusted to exclude companies in sectors having different drivers of operating performance, being those in the real estate, financial and resources industries. The Board has the discretion to adjust the comparator group, including to take into account acquisitions, mergers or other relevant corporate actions or a delisting.

Relative TSR is the most prevalent performance measure used in LTI plans within ASX100 companies. The Board is of the view that use of a TSR hurdle is appropriate as it provides a strong link between executive remuneration levels and shareholder value, such that executives benefit where there is a corresponding relative benefit delivered to shareholders over the relevant period. The Board also considers that it is appropriate to use a broad index-based comparator group rather than a sector-specific peer group as there are too few Australian healthcare companies of similar size and scope of operations to Ramsay for benchmarking purposes.

The following table sets out the percentage of Parcel A PRs that may vest based on the Company's TSR ranking over the performance period:

Company's TSR ranking in the comparator group	Percentage of 'Parcel A' PRs available to vest
TSR below 50th percentile	Nil
TSR at 50th percentile	50%
TSR between 50th and 75th percentile	Between 50% and 100%, increasing on a straight line basis
TSR above 75th percentile	100%

## b) ROIC and EPS Performance Hurdle:

During the year, the Board undertook a review of the LTI performance conditions and has determined that a new ROIC and EPS hurdle will apply to the FY2021 grant.

Vesting of Parcel B PRs is subject to a gateway requirement being met. The ROIC outcome for the Company over the three year performance period is tested relative to the weighted average cost of capital (WACC) for the Company over the three year performance period. The actual ROIC outcomes will need to meet a threshold level of performance relative to the WACC for vesting of any Parcel B PRs.

Subject to the gateway requirement being met, the percentage of Parcel B PRs that may vest will be based on the cumulative compound annual growth rate (CAGR) in EPS for the performance period in accordance with the following table:

CAGR	Percentage of 'Parcel B' PRs available to vest
Less than threshold	Nil
Threshold performance	30%
Between threshold and stretch	Straight line pro-rata between 30% and 100%
Stretch	100%

EPS measures the earnings generated by the Company attributable to each share on issue. In deriving EPS, statutory earnings will be adjusted for significant items where the Board considers it appropriate, based on the principles detailed in the Remuneration Report.

The number of shares for the purposes of the EPS calculation is the weighted average number of issued ordinary shares over the relevant financial year.

Due to the level of uncertainty in the current healthcare environment the Threshold and Stretch performance levels for the FY2021 grant cannot be set at this time, but will be determined by the end of the first half of the financial year.

## Hedging of Performance Rights:

The Company prohibits the hedging of PRs by senior executives.

## Rights Attaching to Performance Rights:

PRs do not carry voting or dividend rights, however shares allocated upon vesting and exercise of PRs carry the same rights as other ordinary shares in the Company.

## Treatment of PRs on Termination of Employment:

Where Mr McNally's employment ceases before his PRs have vested, the treatment of his unvested PRs depends on a number of factors, including the circumstances in which he has ceased employment.

Where the Managing Director's employment is terminated:

- for cause or he resigns, his unvested PRs will lapse; or
- in other circumstances, a pro rata portion of his unvested Rights will remain on foot (calculated based on the portion of the Performance Period that has elapsed up until the date of termination) and will be tested in the ordinary course subject to the performance hurdles outlined above.

The Board retains discretion to determine a different treatment where it considers it appropriate.

## Clawback:

The Board has broad "clawback" powers to determine that PRs

lapse, any shares allocated on vesting are forfeited or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

## Additional Information:

The Company provides the following additional information in relation to resolution 4.

- a) As the PRs form part of Mr McNally's remuneration package, the acquisition price for a PR is nil and no money is payable by the holder for a share on exercise of a PR.
- b) Mr McNally is the only Director entitled to participate in new awards under the Equity Incentive Plan. Non-Executive Directors are ineligible to participate in this Plan.
- c) No loans will be made in relation to the acquisition of PRs or shares under the Plan.
- d) 164,787 PRs have been granted to Mr McNally under the LTI programme in prior years since Mr McNally's appointment as Managing Director. These PRs were granted to Mr McNally as his LTI for no cost.
- e) If shareholders approve Item 4, then PRs will be granted to Mr McNally as soon as practicable after the date of the meeting and in any event no more than 12 months after the meeting (i.e. 24 November 2021).
- f) Details of any shares issued under the Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

## Directors' Recommendation

The Non-Executive Directors recommend that you vote in favour of Item 4.

## Voting Exclusion Statement

The Company will disregard any votes on Item 4:

- cast in favour of the Item by or on behalf of Mr Craig McNally (being the only Director entitled to participate in the Equity Incentive Plan) or any of his associates (regardless of the capacity in which the vote is cast); and
- cast as a proxy by a member of KMP as at the date of the AGM, or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on the relevant item:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- by the Chairman of the Annual General Meeting as proxy for a person entitled to vote on the resolution, in accordance with an express authorisation to exercise undirected proxies as the Chairman decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:



- 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 the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## ITEM 5 – APPROVAL OF NON-EXECUTIVE DIRECTOR SHARE RIGHTS PLAN FOR PURPOSE OF SALARY SACRIFICE

The Company is seeking shareholder approval for the Non-Executive Director Share Rights Plan (**NED Rights Plan**) for the purpose of the Non-Executive Directors having the opportunity to salary sacrifice a portion of their remuneration into share rights under the Plan in FY21, FY22, and FY23. The share rights are exercisable into shares in the Company. The NED Rights Plan was last approved by shareholders at the 2018 AGM.

Establishing Non-Executive Directors to salary sacrifice their fees supports Non-Executive Directors to build their shareholdings in the Company and continues to enhance the alignment of interests between Non-Executive Directors and shareholders generally.

Share rights granted to Non-Executive Directors under the NED Rights Plan will not be subject to performance conditions or service requirements which could result in potential forfeiture. This is in line with best practice governance standards which recommend that non-executive directors generally should not receive equity with performance hurdles attached as it may lead to bias in their decision-making and compromise their objectivity.

The Company intends to source the shares allocated on exercise of the share rights through on-market purchases which are excluded from the operation of Listing Rule 10.14.

Despite the fact that no new shares will be issued in respect of the share rights, the Board is nonetheless seeking this shareholder approval in the interests of transparency and good corporate governance and to preserve flexibility in case for any reason it is ultimately considered in the Company's best interests to issue shares rather than source them on market.

### Summary of terms

Under the NED Rights Plan, each Non-Executive Director may choose to sacrifice a portion of their fees to be used to acquire Share Rights. The Director will be granted fully vested share rights which will be automatically exercised and convert into shares in the Company around 3-6 months after they are granted.

Share rights will be granted following the AGM (for financial years where shareholder approval is required or considered desirable) or following announcement of the full-year results for the previous financial year (where no shareholder approval is sought).

The number of share rights granted will be calculated in accordance with the following formula:

$$\text{Number of share rights} = \frac{(\text{Fees sacrificed})}{(\text{value per share right})}$$

Where:

- *fees sacrificed* = the dollar value of the Non-Executive Director's fees which have been sacrificed in respect of the relevant period to acquire share rights; and
- *value per share right* = the volume weighted average price of the Company's ordinary shares traded on the ASX over the 5 trading day period commencing on the trading day after the preliminary full year results are released for the prior financial year. For FY2021, the VWAP used to determine the number of share rights to be granted to each Non-Executive Director (if shareholders approve Item 5) is \$65.4160.

It is intended that share rights will be automatically exercised (at no cost to the Non-Executive Director) and convert into shares in the Company during the trading window following the grant of the rights. In general, each share right is an entitlement to receive one fully-paid ordinary share in the Company. As noted above, the share rights will not be subject to performance conditions or service requirements which could result in potential forfeiture.

Share rights will be satisfied by allocating shares from Ramsay's employee share plan trust, which have been purchased on-market. There is also flexibility for new shares to be issued (at market value), however it is not the Company's current intention to issue any shares to satisfy conversion of the share rights.

For FY2021, upon transfer to the relevant Non-Executive Director, the shares will be subject to disposal restrictions until the earlier of:

- the Non-Executive Director ceasing to be a director of the Company; and
- 3 years from the date of grant of the share rights or such longer period nominated by the Non-Executive Director at the time of the offer (up to a maximum 15 years from the date the share rights were granted).

In future years, the Board has discretion to adjust the disposal restriction in paragraph (b) above and the mechanism that will be used to enforce the dealing restriction.

Directors do not have dividend or voting rights with respect to share rights until they are exercised. Following exercise, shares acquired by Non-Executive Directors will rank equally (in relation to dividend and other rights) with other fully paid ordinary shares.

Upon retirement from the Board, Non-Executive Directors are entitled to retain any share rights which have been granted but not exercised. In these circumstances, the share rights will be automatically exercised in accordance with their original terms. Any shares received as a result will not be subject to disposal restrictions.

If at any time the Board determines that the allocation of share rights or shares would result in the Company breaching the Company's Constitution, Group policy, any law, the ASX Listing Rules, or is otherwise inappropriate in the circumstances, the Board may defer the allocation of rights or shares until a more suitable time or, in the case of share rights, pay a Non-Executive Director an equivalent cash amount.

### Additional information

The Company provides the following additional information in respect of the potential grant of share rights to current Non-Executive Directors under the NED Rights Plan for FY2021, FY2022 and FY2023.

- a) The maximum number of securities that may be acquired by current and future Non-Executive Directors cannot be precisely calculated at present as it depends on:
- the amount of remuneration the relevant Non-Executive Director elects to sacrifice to acquire share rights;
  - the share price at the time when share rights are granted to Non-Executive Directors; and
  - the number of Non-Executive Directors in office from time to time.
- b) The total current remuneration package for FY21 of Non-Executive Directors are the following Board and Committee fees (in each case inclusive of super):

	Chairman	Members
<b>Board</b>	Chairman: \$659,900 Deputy Chairman: \$295,518.20	\$242,069.20
<b>Audit Committee</b>	\$56,065	\$ 28,033
<b>Risk Management Committee</b>	\$ 49,838	\$ 24,919
<b>People &amp; Remuneration Committee</b>	\$ 41,000	\$ 20,500
<b>Nomination &amp; Governance Committee</b>	\$0	\$0

- c) The number of securities that have previously been issued to the current NEDs under the NED Rights Plan is set out in the table below.

NED Participants	No. of share rights granted to each NED
C.A. Deans	1,170
C.R. Süssmuth Dyckerhoff	1,205
D.J Thodey	1,855
J. McMurdo	542
K. Penrose	–
M.S. Siddle	3,355
P.J. Evans	3,355

Share rights are granted for nil consideration.

- d) Non-Executive Directors in office from time to time may participate in the NED Rights Plan. Current Non-Executive Directors are Mr Michael Siddle, Mr Peter Evans, Ms Alison Deans, Mr James McMurdo, Ms Karen Penrose, Mr David Thodey AO and Dr Claudia Süssmuth Dyckerhoff. Current and future Executive Directors, including the Managing Director, are not eligible to participate in the NED Rights Plan.
- e) No loans will be made available in relation to the acquisition of share rights or shares under the NED Rights Plan.

- f) If Item 5 is approved, it is anticipated that Non-Executive Directors will be able to participate in the NED Rights Plan from the time shareholder approval is granted. While it is intended that the NED Rights Plan will continue to operate indefinitely, to align with principals of good governance, under this resolution new securities will only be issued under the NED Rights Plan up until 24 November 2023, unless shareholder approval for the issue of securities under the NED Rights Plan is refreshed prior to that date. If Item 5 is not approved, Non-Executive Directors will not have the opportunity to salary sacrifice a portion of their remuneration as share rights in FY21, FY22, and FY23.
- g) As noted above, it is intended that shares received on the automatic exercise of share rights under the NED Rights Plan will be satisfied through on-market purchases of shares at the prevailing market price.
- h) Details of any securities issued under the scheme will be published in the annual report of the entity relating to the period in which they were issued, along with a statement that approval for the issue was obtained under listing rule 10.14. Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

### Directors' Recommendation

Each Non-Executive Director abstains from providing a recommendation in respect of the resolution due to their interest in the outcome of the resolution. The remaining Director recommends that shareholders approve the adoption of the NED Rights Plan.

### Voting Exclusion Statement

The Company will disregard any votes on resolution 5:

- cast in favour of the resolution by or on behalf of each Non-Executive Director (being the only Directors of the Company eligible for participation in the Ned Rights Plan) and any of their associates, regardless of the capacity in which the vote is cast; or
- cast as proxy by a person who is a member of the KMP on the date of the Annual General Meeting or their closely related parties,

unless the vote is cast on resolution 5:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- by the Chairman of the Annual General Meeting as proxy for a person entitled to vote on the resolution, in accordance with an express authorisation to exercise undirected proxies as the Chairman decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## CONTINGENT BUSINESS ITEM 6 – CONTINGENT SPILL RESOLUTION

This Item 6 is a “conditional” resolution. It will only be put to the vote if at least 25% of the votes cast on Item 2 are against the resolution to adopt the Remuneration Report. That is, if the Company receives a “second strike”.

If this resolution is passed and becomes effective, then it will be necessary for the Board to convene a special general meeting of the Company (**Spill Meeting**) within 90 days of the date of the 2020 AGM in order to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to shareholders in due course.

If a Spill Meeting is held, the following Directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting: Michael Siddle, Peter Evans, Alison Deans, James McMurdo, Karen Penrose, Claudia Süßmuth Dyckerhoff, David Thodey AO.

Even if Mr Siddle is re-elected and Ms Penrose is elected at the 2020 AGM, they will still need to be re-elected at the Spill Meeting to remain in office following the Spill Meeting.

The Board considers the following factors to be relevant to a shareholder’s decision on how to vote on this Item 6:

- each of the non-executive directors listed above (except for Ms Penrose who is standing for election for the first time) have previously been elected as a director with the strong support of shareholders; and
- convening a Spill Meeting would cause significant disruption, uncertainty and cost to the Company, which the Board does not consider would be in the best interests of the Company or its shareholders.

### Directors’ recommendation

The Non-Executive directors recommend that shareholders vote against this Item 6 if it is put to the 2020 AGM.

### Voting Exclusion Statement

The Company will disregard any votes cast on Item 6:

- by or on behalf of a member of the key management personnel (KMP), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2020 or their closely related parties (such as close family members and any controlled companies) regardless of the capacity in which the vote is cast; and
- as a proxy by a member of KMP as at the date of the AGM, or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 6:

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as he decides even though Item 6 is connected with the remuneration of KMP.

## COUNTRY CODES FOR OVERSEAS SHAREHOLDERS

Domicile	Country Code
AUSTRIA	AUT
BELGIUM	BEL
CANADA	CAN
CHINA	CHN
DENMARK	DNK
FIJI	FJI
FRANCE	FRA
Germany	DEU
Hong Kong	HKG
Iceland	ISL
India	IND
Indonesia	IDN
Ireland	IRL
Israel	ISR
Italy	ITA
Japan	JPN
Malaysia	MYS
New Zealand	NZL
Pakistan	PAK
Peru	PER
Philippines	PHL
QATAR	QAT
Republic of Korea	KOR
Saudi Arabia	SAU
Singapore	SGP
Slovakia	SVK
Spain	ESP
Sweden	SWE
Switzerland	CHE
Taiwan	TWN
Tanzania	TZA
Thailand	THA
United Arab Emirates	ARE
United Kingdom	GBR
USA	USA

