



**Well**being  
at scale

**NOTICE** is hereby given of the Annual General Meeting (**AGM or Meeting**) of members of Healius Limited (**the Company**) to be held:

**Date** Monday 25 November 2019

**Time** 9.00am (Sydney time)  
(Registration will commence at 8.00am)

**Venue** Level 2, Gallery 1, 2 & 3, Four Seasons Hotel Sydney,  
199 George Street, Sydney NSW 2000

# Items of business

## 1. Receipt of Annual Financial Report

To receive and consider the Company's Financial Report, the Directors' Report, and the Auditor's Report, for the year ended 30 June 2019.

## 2. Adoption of the 2019 Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2019 be adopted."

## 3. To re-elect Dr Paul Jones as a Director

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

"That Dr Paul Jones, a Non-executive Director retiring in accordance with the Company's Constitution, and being eligible for re-election, is re-elected as a Non-executive Director of the Company."

## 4. Approval of issue of securities under the Transformation Long-Term Incentive Plan

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

"That for the purposes of Listing Rule 7.2, exception 9(b) and for all other purposes, the issue of securities under the Transformation Long-Term Incentive Plan, the terms of which are described in the Explanatory Statement to this Notice of Meeting, be approved."

## 5. Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter

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

"That approval is given for all purposes for the grant or issue of securities, under the Short-Term Incentive Plan and the Transformation Long-Term Incentive Plan, to the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter, in the manner set out in the Explanatory Statement to this Notice of Meeting."

## 6. Approval of issue of securities under Non-executive Director Share Plan

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

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant of share rights, and the allocation of shares in the Company on vesting of those share rights under the proposed Non-executive Director Share Plan (**NED Share Plan**) to all Non-executive Directors for the next three years, on the basis described in the Explanatory Statement to this Notice of Meeting, be approved."

## 7. Renewal of proportional takeover approval provisions

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the proportional takeover approval provisions contained in Schedule 2 of the Company's Constitution are renewed for a period of three years with effect from the date of this Meeting."

## VOTING EXCLUSION STATEMENTS

In accordance with ASX Listing Rule 14.11, the Company will disregard:

- any votes cast in favour of Item 4 by or on behalf of any Director of the Company (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates, regardless of the capacity in which the vote is cast;
- any votes cast in favour of Item 5 by or on behalf of Dr Parmenter or any of his associates, regardless of the capacity in which the vote is cast; and
- any votes cast in favour of Item 6 by or on behalf of each of the Non-executive Directors (being the only Directors entitled to participate in the proposed NED Share Plan) or any of their associates, regardless of the capacity in which the vote is cast.

In addition, Items 2, 4, 5 and 6 are resolutions connected directly or indirectly with the remuneration of Key Management Personnel (**KMP**). The Company will disregard any votes cast on these Items by or on behalf of a member of the Company's KMP named in the Company's 2019 Remuneration Report or their closely related parties (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) (**Excluded Persons**), regardless of the capacity in which the vote is cast.

Additionally, the Company will disregard any votes cast on Items 2, 4, 5 or 6 by an Excluded Person acting as proxy, unless the vote is cast:

- by an Excluded Person as proxy for a person entitled to vote on the resolution in accordance with a direction in the proxy form; or
- by the Chair of the Meeting under an express authorisation to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of the KMP.

For further information, please refer to the Explanatory Statement (including Attachment A to the Explanatory Statement) which forms part of this Notice of Meeting.

By order of the Board.



Charles Tilley  
Company Secretary

Dated: 24 October 2019

# How to vote

As a shareholder you can vote on the items of business by:

- attending the Meeting and voting; or
- appointing a proxy, representative or attorney to vote on your behalf at the Meeting.

The Board has determined that, for the purposes of this Meeting, if you are a registered shareholder of Healius Limited at **9.00 am (Sydney time) on Saturday, 23 November 2019**, you will be eligible to attend and vote at the Meeting. You will be entitled to vote in respect of the number of Healius shares registered in your name at that time.

Voting on all proposed resolutions at the Meeting will be conducted by a poll.

## Voting at the meeting

For shareholders attending the Meeting to vote, registration commences one hour before the Meeting commences, that is at **8.00am (Sydney time) on Monday 25 November 2019**.

A shareholder which is a body corporate may appoint an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act (see the section below entitled "Corporate representatives" for details).

## Voting by proxy

A shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a shareholder of the Company and may be an individual or a body corporate. A proxy appointed may be described in the Proxy Form by name or by an office held, for example, "the Chair of the Meeting".

If a shareholder is entitled to cast two or more votes at the Meeting, the shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If two proxies are appointed but no proportion or number is specified, each proxy may exercise half of the shareholder's votes. A separate Proxy Form should be used to appoint each proxy.

If a Proxy Form does not specify the proxy (but is otherwise effective), the shareholder will be treated as validly appointing the Chair of the Meeting as their proxy.

## Appointing the Chair of the Meeting as your proxy

You may appoint the Chair of the Meeting as your proxy. If you direct the Chair of the Meeting how to vote on an item of business, your vote will be cast in accordance with your direction. If you appoint the Chair of the Meeting as your proxy and you do not direct your proxy how to vote on the proposed resolutions set out in this Notice of Meeting, then by completing and submitting the Proxy Form you will be expressly authorising the Chair of the Meeting to exercise the proxy and vote as the Chair of the Meeting decides on the proposed resolutions (even though the resolutions proposed in items 2, 4, 5 and 6 are connected directly or indirectly with the remuneration of members of the KMP and the Chair of the Meeting is a member of the KMP).

The Chair of the Meeting intends to vote all undirected proxies in favour of each item of business.

Under the Corporations Act, the Chair of the Meeting will also be taken to have been appointed as a shareholder's proxy (even if the shareholder has not expressly appointed the Chair of the Meeting as their proxy) where each of the following applies:

- a poll is called on the relevant resolution;
- a shareholder has appointed a proxy (other than the Chair of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- the proxy is either not recorded as attending the Meeting, or the proxy attends the Meeting but does not vote on the resolution.

## Submitting your Proxy Form

Proxy Forms (and, if the appointment is signed by the appointer's attorney, the original or certified copy of the authority under which the appointment was signed) must be received by the Company's share registry, Computershare Investor Services Pty Limited, by **9.00am (Sydney time) on Saturday 23 November 2019**.

A Proxy Form may be lodged with Computershare Investor Services Pty Ltd:

- **ONLINE** – [www.investorvote.com.au](http://www.investorvote.com.au) (by following the steps set out on that site);
- **BY MAIL** – Healius Limited c/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia;
- **BY FAX** – (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
- **IN PERSON** – as an original at Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, VIC 3067, Australia.

# Corporate representatives and attorneys

## Corporate representatives

Any body corporate voting at the Meeting, either on its own behalf or as a proxy or as an attorney, may appoint an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act. The body corporate must supply the corporate representative with an appropriately executed corporate representative certificate which specifies:

- the body corporate's name;
- the name or title of the corporate representative;
- the Company's name; and
- the meeting(s) at which the corporate representative may act.

A copy of the corporate representative certificate must be supplied to the Company's share registry, Computershare Investor Services Pty Limited, via one of the methods described the section entitled "Submitting your Proxy Form", by **9.00am (Sydney time) on Saturday 23 November 2019**.

## Attorneys

A shareholder or proxy may appoint an attorney to vote on their behalf. For an appointment to be effective, attorneys must lodge the original (or a copy) of the power of attorney under which they have been authorised to attend and vote at the Meeting with Computershare Investor Services Pty Ltd via one of the methods described the section entitled "Submitting your Proxy Form", by **9.00am (Sydney time) on Saturday 23 November 2019**.

# Explanatory statement

## Item 1: Receipt of Annual Financial Report

- 1.1 The Company's 2019 Annual Report (which includes the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2019) will be put before the Meeting.
- 1.2 This item does not require a formal resolution to be put to the Meeting. Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, these reports.
- 1.3 Any shareholder may submit to the Company a written question directed to the Company's auditor, Ernst & Young (**the Auditor**), if the question is relevant to:
- the content of the Auditor's Report to be considered at the Meeting; or
  - the conduct of the audit of the Financial Report to be considered at the Meeting.

Relevant written questions must be received by the Company no later than **5.00 pm (Sydney time) on Monday 18 November 2019**. A list of written questions will be made available to shareholders attending the Meeting. If written answers are tabled at the Meeting, they will be made available to shareholders as soon as practicable after the Meeting.

## Item 2: Adoption of the 2019 Remuneration Report

- 2.1 The Company's Remuneration Report for the financial year ended 30 June 2019 is set out on pages 43 to 69 of the Company's 2019 Annual Report. The 2019 Annual Report is available on the Company's website at [www.healius.com.au](http://www.healius.com.au).
- 2.2 The 2019 Remuneration Report:
- (a) explains the Board's objectives and structure of remuneration of Directors and senior executives for the year ended 30 June 2019, and the relationship between such policy and the Company's performance;
  - (b) sets out the details of performance conditions, including why they were chosen and how performance is measured against them; and
  - (c) sets out the performance and remuneration arrangements for the KMP (who comprise the Company's Non-executive Directors, the Managing Director & Chief Executive Officer (**CEO**), and other executives of the Company).
- 2.3 The Chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, the Remuneration Report.
- 2.4 Shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the Meeting. The vote on the resolution will be advisory only and will not bind the Directors, however the Board will take the outcome of the vote and any discussion into consideration when reviewing the remuneration policy for Directors and senior executives in the future.

### RECOMMENDATION ON ITEM 2

- 2.5 A voting exclusion applies to this item as set out earlier in this Notice of Meeting.
- 2.6 Your Directors unanimously recommend shareholders vote in favour of adopting the 2019 Remuneration Report.

## Item 3: Re-election of Dr Paul Jones as a Director

- 3.1 Dr Jones, M.B., B.S., F.A.M.A, is a Non-executive Director of the Company who was first appointed in 2010. In accordance with clause 13.6 of the Company's Constitution, Dr Jones retires by rotation at this Meeting and offers himself for re-election.
- Dr Jones is a member of the People & Governance Committee. He practices as a General Practitioner (**GP**) at a Healius Group medical centre in Port Macquarie NSW.
- (a) Background and experience: Dr Jones has over 30 years' experience in a broad range of general medical practice, including thirteen years' experience in the Healius Group's medical centres. Dr Jones originally trained at the Repatriation and General Hospital, Concord NSW and subsequently at Calvary Public Hospital, Bruce ACT. He has been a Director and Federal Councillor of the Australian Medical Association (**AMA**), a past President of AMA ACT and a member of the Federal AMA Council of General Practice. He was formerly a general practitioner adviser to Calvary Public Hospital and held roles as GP Visiting Medical Officer and Director, Medical Education Program. Dr Jones is a former Chair of the ACT GP Workforce Working Group and was a member of the ACT Health Minister's GP Task Force in 2009. In 2010 he was awarded Fellowship of the AMA.
  - (b) Other current Directorships: Nil.
  - (c) The Board considers that Dr Jones is an independent Director. In forming this view the Board has taken into account the relationship between Dr Jones and the Company arising from Dr Jones' practice as a GP at a Healius Group medical centre. The Board does not consider any aspect of that relationship (financial or otherwise) to be of a nature or magnitude that would cause Dr Jones not to be independent.

### RECOMMENDATION ON ITEM 3

- 3.2 Your Directors (other than Dr Jones, who abstains) unanimously recommend that you vote in favour of the re-election of Dr Jones.

## Item 4: Approval of issue of securities under the Transformation Long-Term Incentive Plan

- 4.1 Your Directors aim to ensure that the Company's long-term incentive plan is straightforward, motivational and competitive, with strong alignment to shareholder value.

Since the appointment of Dr Malcolm Parmenter as CEO, the Company has developed its current strategy which aims to deliver a sustainable increase in shareholder returns over time, with the longest-dated initiative being the Laboratory Information System in Pathology which is expected to take five years to fully implement.

In FY 2019, the Company raised capital to underpin this strategy and made substantial progress on key initiatives including the acquisition of Montserrat Day Hospitals, the comprehensive renewal of the Medical Centres model, and the roll-out of core technology platforms in its three major divisions. At the end of FY 2019, the Company also undertook major structural changes to best position itself to deliver the strategy and drive earnings to support its capital investment.

Your Board believes the current executive team are the best people to execute the Company's strategy. However, the Board also considers the existing long-term incentive plan neither adequately incentivises these executives in relation to delivery of the strategy nor adequately aligns them to its long-dated timeframe.

As a result your Board has developed a new Transformation Long-Term Incentive Plan (**TLTIP**) specifically to retain and motivate this team to deliver over the term of the strategic plan, with the key components being a close alignment to cumulative shareholder returns and a measurement period of five years.

- 4.2 The principal improvements of the TLTIP are:

- long-term value creation is prioritised by moving 25% of the existing potential Short-Term Incentive (**STI**) award (at budgeted performance levels) into the long-term plan. This includes increasing the portion moved by 1.2 times dollar value reflecting the longer-dated and riskier nature of a Long-Term Incentive (**LTI**) award;
- the grant of Options (rather than Performance Rights) in order to reward participants for the growth potential in the Company's share price and thereby strengthen their alignment to shareholders' interests;
- a one-off grant of Options, rather than annual grants, to cover a three-year period from FY 2020 with Options exercisable in equal tranches at the end of FY 2022, FY 2023 and FY 2024. This one-off grant creates more incentive for participants and enables the length of the TLTIP to be extended to align with the five-year timeframe of the strategy;
- the exercise of Options to be subject to cumulative Earnings per Share (**EPS**) growth and relative Total Shareholder Return (**rTSR**) for the CEO and CFO (split 2/3 to 1/3 between EPS and rTSR) to ensure a measurable and close alignment to shareholder returns. For the divisional CEOs, a divisional Earnings Before Interest and Tax (**EBIT**) growth metric to be added to increase their motivation through a directly controllable metric (with the split 40%: 20%: 40% between EPS, rTSR and EBIT);
- underlying earnings to be used in the measurement of EPS and EBIT rather than statutory earnings to ensure management do not benefit from a lower starting point for statutory earnings than underlying earnings in FY 2019 and hence a higher delta over time; and
- in order to provide confidence on adjustments between underlying and statutory results, the underlying EPS and EBIT targets to include a gate limiting adjustment between underlying and statutory results from FY 2022 onwards to the implementation costs of the Laboratory Information System in Pathology and no others. This means that, for business divisions other than Pathology, statutory and underlying EBIT targets are expected to be identical.

- 4.3 The existing STI plan (**STIP**) will continue to ensure management have sufficient incentive to drive annual performance as well as longer-term performance. Following the transfer of 25% of the potential STI (at budgeted performance levels) to the TLTIP, the remaining 75% STI will be split 2:1 between cash and deferred equity, with equity deferred for one year in line with the existing deferral period. Importantly, the STIP will continue to be subject to challenging performance criteria set by the Board each year including returns on investments and cash flow generation.

- 4.4 Further details of the STIP and the TLTIP are set out in **Attachment A** to this Notice of Meeting.

- 4.5 Shareholder approval for the issue of securities under the current STI and LTI Plan (collectively referred to as the current **Incentive Plan**) was granted at the Company's 2017 AGM. Because the terms of the TLTIP are different from the terms of the current Incentive Plan, your Directors are seeking fresh approval from shareholders for the issue of securities under the new TLTIP.

- 4.6 ASX Listing Rule 7.1 provides (in summary) that an entity cannot issue more than 15% of its existing issued share capital in any 12-month period without shareholder approval, subject to the exceptions set out in ASX Listing Rule 7.2. The number of shares that a company can issue under this rule without shareholder approval is commonly referred to as the company's "placement capacity". Under ASX Listing Rule 7.2 Exception 9, Listing Rule 7.1 does not apply to issues of securities under an employee incentive scheme if, within three years before the date of issue, shareholders approve the issue of securities under the scheme as an exception to that rule. Shareholder approval is being sought so that issues of securities under the TLTIP over the next three years will fall within the ASX Listing Rule exception and will not reduce the Company's available placement capacity.



# Explanatory statement

## Item 4: Approval of issue of securities under the Transformation Long-Term Incentive Plan (continued)

### INFORMATION FOR SHAREHOLDERS REQUIRED UNDER THE ASX LISTING RULES

- 4.7 ASX Listing Rule 7.2, Exception 9 requires the following information to be included in this Notice of Meeting:
- A summary of the key terms of the TLTI, which is set out in the Explanatory Statement to Item 4 above and in **Attachment A** to this Notice of Meeting.
  - No securities have been issued under the TLTI to date.

The number of securities issued under the current Incentive Plan since the date of the last shareholder approval (23 November 2017) is as follows:

CLASS OF SECURITIES	BALANCE AS AT LAST APPROVAL	NUMBER ISSUED UNDER PLAN	ALL OTHER SECURITY ISSUES	NUMBER LAPSED	NUMBER VESTED	BALANCE AS AT THIS APPROVAL
STI Service Rights	358,001	<b>604,007</b>	N/A	-24,378	-631,351	306,279
LTI Performance Rights	5,973,172	<b>10,488,690</b>	N/A	-5,973,172	0	10,488,690
Ordinary Shares	521,523,419	<b>631,351</b>	100,581,135	N/A	N/A	622,735,905

### RECOMMENDATION ON ITEM 4

- 4.8 Your Directors (other than Dr Malcolm Parmenter, who is excluded from voting) unanimously recommend that you vote in favour of the issue of securities under the TLTI, including the issue of Options, and shares in the Company on the exercise of those Options.

## Item 5: Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter, under the Short-Term Incentive Plan and Transformation Long-Term Incentive Plan

- 5.1 As part of his executive remuneration arrangements, Dr Malcolm Parmenter, the Company's CEO, is eligible to participate in incentive plans set up by the Company. Awards under the STIP comprise one third equity, deferred for 1 year, in the form of Service Rights. A Right is a right to acquire an ordinary share in the capital of the Company (**Share**), subject to meeting certain service-related vesting conditions. Any award under the TLTI is in the form of Options. An Option is a right to acquire a Share on a predetermined date at a predetermined price. The exercise of an Option is also subject to meeting certain performance- and service-related vesting conditions.
- 5.2 Further details of the STIP and the TLTI appear in the explanatory statement to Item 4 above and in **Attachment A** to this Notice of Meeting.
- 5.3 Under ASX Listing Rule 10.14, the Company must seek shareholder approval for a Director of the Company, including the CEO, to acquire securities in the Company under an employee incentive scheme. Accordingly, shareholder approval is being sought to enable the Company to grant the following securities to the CEO:
- Service Rights under the STIP;
  - Options under the TLTI; and
  - Shares on the vesting of Service Rights under the STIP or on the exercise of Options under the TLTI.
- 5.4 Specifically, the types of securities the Company currently anticipates issuing to Dr Parmenter during the one year term of the approval are:
- Service Rights, under the STIP, as the one third equity component of any FY 2020 STI award (if made by the Board);
  - Shares, under the STIP, on the vesting of the second tranche of Service Rights relating to Dr Parmenter's FY 2018 STI award (those Service Rights having been issued in 2018, based on the approval given by shareholders at the 2017 AGM), if the vesting criteria for those Service Rights are met; and
  - Options, as the 100% equity component of any award under the TLTI, which will relate to the years FY 2020–FY 2022 inclusive and which will be issued in tranches exercisable at the end of FY 2022, FY 2023 and FY 2024 respectively.
- 5.5 There was no FY 2019 STI award made to Dr Parmenter, therefore no approval is sought in relation to any Service Rights relating to such an award.
- 5.6 If shareholder approval is given for this resolution under ASX Listing Rule 10.14, separate approval is not required under ASX Listing Rule 7.1.



## INFORMATION FOR SHAREHOLDERS REQUIRED UNDER ASX LISTING RULES

5.7 ASX Listing Rule 10.15 requires the following information to be included in this Notice of Meeting:

**(a) The maximum number of securities which may be acquired by the CEO, including the formula (if one is used) for calculating the number of securities to be issued**

*Issue of Service Rights under STIP*

One third of any award under the STIP is made in the form of equity Service Rights.

It is proposed that the maximum number of Service Rights to be granted to the CEO under a STIP award will be calculated under the following **STIP Formula**:

$$\frac{\text{Base Package X Maximum STI Proportion X STI Equity Proportion}}{\text{Rights Value}}$$

where:

**Base Package** means base salary of CEO in the relevant financial year (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax).

**Maximum STI Proportion** means 44%, which represents the value of the STIP award which may be granted in a particular year as a proportion of the CEO's Base Package, assuming each of the CEO's Key Performance Indicators (KPIs) are achieved in the relevant financial year at Target level. If a Stretch KPI is achieved, the Maximum STI Proportion may be adjusted.

**STI Equity Proportion** means 33.33%, which represents the proportion of the STIP award that will be paid in the form of Service Rights.

**Rights Value** means the standard volume weighted average price (VWAP) for the Company's shares for the 10 trading days following the announcement of the Company's full year financial results of the financial year to which the STI award relates (for example, the calculation in respect of a STIP award for FY 2020 would be made in the 10 day trading period following the release of the FY 2020 results) **less** the expected value of dividends on a Share over the applicable one year vesting period of the Service Rights.

*Issue of ordinary Shares on vesting of Service Rights previously awarded under STIP*

The CEO currently holds 26,537 Service Rights previously awarded (with shareholder approval) in relation to the FY 2018 STIP under the Company's current Incentive Plan. If the service criteria for those Service Rights are met then the Company anticipates issuing 26,537 ordinary Shares in the Company to the CEO at some time after 1 July 2020.

*Issue of Options under TLTIIP*

Awards under the TLTIIP are made in the form of equity Options. The maximum number of Options which the CEO may acquire under the TLTIIP, calculated using the TLTIIP Formula below, is 11,081,391.

It is proposed that the maximum number of Options to be granted to the CEO under a TLTIIP award will be calculated under the following **TLTIIP Formula**:

$$\frac{\text{Base Package X Maximum TLTIIP Proportion X Years Granted}}{\text{Options Value}}$$

where:

**Base Package** means base salary of CEO in the relevant financial year (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax).

**Maximum TLTIIP Proportion** means 152%, which represents the maximum value of the annual TLTIIP award (assuming achievement of Maximum goals) which may be granted as a proportion of the CEO's Base Package. This calculation also includes an adjustment for the shifting of 25% of STI potential under the previous Incentive Plan into TLTIIP award potential (with the STI portion being reduced by the same amount), together with a 20% premium to reflect the longer wait for, and greater uncertainty of, a TLTIIP award relative to a STIP award.

**Years Granted** means the number of years covered by the relevant grant of Options. The TLTIIP envisages that three years' worth of Options will be issued in the first year of the TLTIIP, with these Options split into three tranches to be assessed at years 3, 4 and 5 of the TLTIIP respectively.

**Options Value** means the fair market value of the Options, calculated by an independent external accountant using standard methodologies (e.g. Black Scholes or Monte Carlo).

# Explanatory statement

## Item 5: Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter, under the Short-Term Incentive Plan and Transformation Long-Term Incentive Plan (continued)

### *Issue of ordinary Shares on exercise of Options under TLTI*

On the Exercise Date of an Option, the CEO will be entitled to purchase one ordinary Share in the capital of the Company for the Exercise Price of the Option (as defined in Attachment A to this Notice of Meeting). The Board may also determine to deliver the difference in the Exercise Price of the Option and the Company's market Share price on the Exercise Date as cash.

The Exercise Date of Options issued under the TLTI in respect of FY 2020 will be split into three equal tranches:

- Tranche 1 (1/3 of the Options issued to the CEO) with an Exercise Date at the end of FY 2022;
- Tranche 2 (1/3 of the Options issued to the CEO) with an Exercise Date at the end of FY 2023; and
- Tranche 3 (1/3 of the Options issued to the CEO) with an Exercise Date at the end of FY 2024.

In addition to the Exercise Date and Exercise Price, Options are also subject to Vesting Conditions related to Company performance hurdles as set out in Attachment A to this Notice of Meeting.

### **(b) The price (including a statement whether the price will be based on, the market price) or the formula for calculating the price for each security to be acquired**

The formula for calculating the price for each Service Right to be acquired under the STIP is the Rights Value in the STIP Formula in paragraph (a) above, which is based on the VWAP of the Company's Shares.

The price of each Option to be acquired under the TLTI (the Options Value in the TLTI Formula in paragraph (a) above) is \$0.677. This is based on a market price of the Company's Shares of \$3.05, which was the VWAP of the Company's Shares for the 10 trading days following 1 July 2019, the starting point for the TLTI measurement period, which covers FY 2020–FY 2024 inclusive.

No price formula applies in the case of ordinary Shares acquired on vesting of previously-awarded Service Rights; one ordinary Share is issued for each Service Right that vests.

### **(c) The names of all Directors and their associates who received securities under the TLTI and current Incentive Plan since their last approval, the number of securities received and the acquisition price for each security**

No securities have been issued under the TLTI to date.

Acquisition of Company securities by Dr Parmenter under the current Incentive Plan was last approved by shareholders at the 2018 AGM (22 November 2018). Since the last approval, the following securities have been issued to Dr Parmenter under the current Incentive Plan (at nil acquisition price):

DIRECTOR OR ASSOCIATE	TYPE OF AWARD	TYPE OF SECURITY	DATE OF GRANT	NUMBER OF SECURITIES
Malcolm Parmenter	FY 2019 LTI	Performance Rights	29 January 2019	804,980
Malcolm Parmenter	FY 2018 STI	Ordinary Shares	1 July 2019	25,461

### **(d) The names of all Directors and associates entitled to participate in the STIP and TLTI**

As at the date of this Notice of Meeting, the only person eligible to participate in the STIP and TLTI to whom ASX Listing Rule 10.14 applies is Dr Malcolm Parmenter, the Company's CEO.

### **(e) The terms of any loan in relation to an acquisition of securities**

No loan applies in relation to the acquisition by the CEO of securities under the STIP or TLTI.

### **(f) The date by which the Company will issue securities to which item 5 applies**

The last date by which the Company will issue any securities to which Item 5 applies is 25 November 2020, being 12 months after the date of the Meeting.

## RECOMMENDATION ON ITEM 5

- 5.8 Your Directors (other than Dr Parmenter, who is excluded from voting) unanimously recommend that you vote in favour of approving the acquisition of securities by Dr Parmenter under the STIP and TLTI.

## Item 6: Approval of issue of securities under Non-executive Director Share Plan

- 6.1 Your Directors have determined to seek shareholder approval for the potential grant of share rights (**Share Rights**) to Non-executive Directors under a Non-executive Director Share Plan (**NED Share Plan**) which the Board proposes to implement for FY 2020, FY 2021 and FY 2022 and for the allocation of Shares on vesting of those Share Rights.
- 6.2 Under ASX Listing Rule 10.14, shareholder approval is required for the issue of Share Rights (and Shares on the vesting of such Share Rights) to any Director, unless the Shares allocated on vesting of the Share Rights are required by the terms of the scheme to be purchased on-market. The Company wishes to retain the flexibility to either purchase on-market or issue Shares depending on which choice the Board considers to be in the Company's best interests at the time. The Board also recognises that it is in line with good corporate governance practices for equity grants to Directors to be approved by shareholders.
- If for some reason the terms of the NED Share Plan as approved by the Board differ materially from the description in this Notice of Meeting, the Company will not rely on this approval and will acquire any Shares issued under the NED Share Plan on-market.
- 6.3 The NED Share Plan is being introduced to support Non-executive Directors to build their shareholdings in the Company and as a means of enhancing the alignment of interests between Non-executive Directors and shareholders generally. Governance bodies continue to be supportive of Non-executive Directors holding a meaningful shareholding in the companies on which they serve.
- 6.4 The prospective NED Share Plan is to be a pre-tax fee sacrifice plan, which will allow each Non-executive Director to sacrifice up to 100 percent of their annual Director's base fees to receive Share Rights at the Value per Share Right as described below.
- 6.5 Share Rights will be allocated based on the fees sacrificed and will vest and convert into ordinary Shares (**Restricted Shares**), subject to the Company's Trading in Securities Policy. Each Share Right will be a right to acquire one fully paid share in the Company. Share Rights will carry no dividend or voting rights prior to vesting (but may be eligible for dividend equivalent rights), and will not be subject to any performance conditions.
- 6.6 Share Rights or Restricted Shares will be subject to a disposal restriction. Each Non-executive Director will elect in advance the period during which the disposal restriction will apply, up to a maximum of 15 years from the date the Share Rights were granted (**Restriction Period**).
- During the Restriction Period the Director is unable to dispose of their Share Rights or Restricted Shares (if converted). To effect the Restriction Period, Restricted Shares may be held on trust for the relevant Non-executive Director by the Healius Non-executive Director Share Trust (**Trust**) or subject to a trading lock.
- Restricted Shares will carry the same dividend, voting and other rights as ordinary Shares.
- 6.7 All Share Rights and Restricted Shares held by (or on trust for) a Non-executive Director will cease to be subject to the Restriction Period at the earliest of:
- the end of the Restriction Period; or
  - the relevant Non-executive Director ceasing to hold the office of Director.
- 6.8 Non-executive Directors are subject to the Company's Trading in Securities Policy and insider trading laws.
- 6.9 Only Non-executive Directors will be eligible to participate in the NED Share Plan.
- 6.10 If shareholder approval is given for this resolution under ASX Listing Rule 10.14, separate approval is not required under ASX Listing Rule 7.1.

### INFORMATION FOR SHAREHOLDERS REQUIRED UNDER ASX LISTING RULES

- 6.11 ASX Listing Rule 10.15A requires the following information to be included in this Notice of Meeting:

**(a) The maximum number of securities which may be acquired, including the formula (if one is used) for calculating the number of securities to be issued**

The maximum number of Share Rights that may be allocated in the next three years cannot be calculated because it is subject to the Company's share price at a future time. The maximum potential value of Share Rights that could be allocated annually under the NED Share Plan is equal to the shareholder-approved Non-executive Director annual fee cap (currently \$1.4 million). The actual value of Share Rights that will be allocated is likely to be lower than the annual fee cap, because the current level of Non-executive Director fees is below the cap, and it is anticipated that not all Non-executive Directors will sacrifice all of their fees under the NED Share Plan. The value of each Share Right is calculated in accordance with the formula set out in paragraph (b) following.

# Explanatory statement

## Item 6: Approval of issue of securities under Non-executive Director Share Plan (continued)

**(b) The price (including a statement whether the price will be based on, volume weighted average price or the closing market price) or the formula for calculating the price for each security to be acquired under the NED Share Plan**

The number of Share Rights that a Non-executive Director would receive under the NED Share Plan will be calculated in accordance with the following formula (rounded down to the nearest whole Share Right):

$$\text{Number of Share Rights} = \frac{\text{Value of NED fees sacrificed (\$) for the relevant period}}{\text{Value per Share Right}}$$

The **Value per Share Right** is the VWAP of the Company's Shares for the 5 trading days before the grant date (or another value reflective of market price). Shares to be allocated on vesting of the Share Rights are sourced on-market or issued.

**(c) The names of all Directors and their associates who received securities under the NED Share Plan since their last approval, the number of securities received and the acquisition price for each security**

This is the first time the NED Share Plan has been put to shareholders for approval and therefore no Non-executive Director has previously received securities under the NED Share Plan.

**(d) The names of all Directors and associates entitled to participate in the NED Share Plan**

As at the date of this Notice of Meeting, the persons who are anticipated to be eligible to participate in the NED Share Plan are:

- Gordon Davis
- Sally Evans
- Robert Hubbard
- Paul Jones
- Arlene Tansey

**(e) The terms of any loan in relation to the acquisition of securities**

No loan applies in relation to the acquisition by any Non-executive Director of any securities under the NED Share Plan.

**(f) Details of Share Rights and Shares issued**

Details of any Share Rights or Shares issued under the NED Share Plan will be published in each Annual Report of the Company relating to the financial year in which the relevant Share Rights or Shares were issued, with a statement that approval for the issue of the securities was obtained under listing rule 10.14.

**(g) Additional participants in the NED Share Plan**

Any additional persons who become entitled to participate in the NED Share Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate in the NED Share Plan unless approval of shareholders is obtained under ASX Listing Rule 10.14.

**(h) The date by which the Company will issue securities to which Item 6 applies**

The last date by which the Company will issue any securities to which Item 6 applies is 25 November 2022, being three years after the date of this Meeting. It is intended that the NED Share Plan may operate indefinitely, and therefore shareholder approval will need to be refreshed for grants made after FY 2021, assuming the NED Share Plan remains in place.

## RECOMMENDATION ON ITEM 6

- 6.12 Because they have a personal interest in the subject of this resolution and are excluded from voting, your Directors have abstained from making a recommendation to shareholders in relation to this resolution.

## Item 7: Renewal of proportional takeover approval provisions

- 7.1 The purpose of the special resolution is to renew, for three years, the proportional takeover approval provisions (**PTA provisions**) in Schedule 2 of the Company's Constitution.
- 7.2 Under the Corporations Act takeover bids for shares in a company can be made either as:
- (a) a full bid, that is, an offer for all shares in the target company (**target**) (whether off-market or on-market); or
  - (b) a proportional bid, that is, an offer to buy only a specified proportion of each target shareholder's shares. (Historically, proportional bids have been less common in Australia than full bids.)
- 7.3 In contrast to a full bid, a successful proportional bidder can secure control of the target and leave the target shareholders, including those who accepted for the specified proportion of their holding, in a minority position. To address this potential disadvantage to target shareholders, the Corporations Act permits a company to insert PTA provisions into its constitution.

- 7.4 In brief, the effect of PTA provisions is to add an extra step into any proportional bid process. Before any proportional bid can proceed, the target's shareholders (excluding the bidder and its associates) must approve the proportional bid via a vote. Key elements of the PTA provisions in the Company's Constitution are:
- (a) If a proportional bid is made for shares in the Company then the Directors of the Company must either convene a meeting of shareholders, or hold a postal ballot, to vote on a resolution to approve the proportional takeover bid, so that the vote is held before the statutory deadline, which is the day that is two weeks before the last day of the bid period.
  - (b) The bidder and its associates are precluded from voting on the resolution as to whether to approve the proportional bid.
  - (c) The proportional bid is approved if more than 50% of the votes cast on the resolution are in favour.
  - (d) If the shareholders have voted on the matter by the required deadline and did not pass the resolution then the practical effect is that the proportional bid cannot proceed and acceptances of the bid must be returned to the target shareholders. If the resolution is approved, transfers of securities to the bidder will be registered (provided they comply with the other provisions of the Constitution).
  - (e) If no resolution is voted on before the statutory deadline, then a resolution to approve the proportional takeover bid will be deemed to have been passed and the bid can proceed.
- 7.5 The Corporations Act requires that PTA provisions must have a sunset clause after at most three years, however the PTA provisions may be renewed from time to time (for up to three years each time) by special resolution of shareholders. The Company's Constitution, containing the PTA provisions, was adopted by special resolution of shareholders at a general meeting held on 30 May 2008. The PTA provisions were renewed or reinserted at the Company's 2010, 2013 and 2016 AGMs and are currently due to expire on 25 November 2019.
- 7.6 If the special resolution in Item 7 is duly passed, then the PTA provisions will be renewed and will remain in the Constitution and operate for another three years, that is, until 25 November 2022.
- 7.7 Some arguments in favour of renewing the PTA provisions are:
- PTA provisions give shareholders (apart from the bidder and its associates) a vote as to whether a proportional bid should proceed, potentially allowing those shareholders an opportunity to avoid being left in a minority position after the completion of a proportional takeover. This should ensure that the terms of any proportional bid are structured to be attractive to a majority of independent shareholders.
  - PTA provisions enable the Directors of the Company to ascertain the views of the Company's shareholders on a proportional takeover bid at the time the bid is made.
- 7.8 Some arguments against renewing the PTA provisions are:
- PTA provisions make a proportional takeover more difficult to achieve and therefore proportional bids will be discouraged. This in turn may reduce opportunities which the shareholders may have to sell some of their shares at an attractive price to persons securing control of the Company, and it may reduce an element of proportional takeover speculation from the Company's share price.
  - PTA provisions impose an additional restriction on the ability of the shareholders to deal freely with their shares.
- 7.9 In the period since the Company adopted the PTA provisions in 2008, there have been no takeover bids for shares in the Company, either full or proportional, and therefore the PTA provisions have never been activated. (The non-binding indication of interest received in January 2019 from Jangho Hong Kong Holdings Limited was not a formal takeover bid.) Nor are the Directors aware of any takeover bid which was discouraged by the Company's PTA provisions. As at the date of this Notice of Meeting, none of the Directors is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.
- 7.10 Consequently, in the period from 30 May 2008 to the present, the Directors are of the view that the advantages and disadvantages for Directors and shareholders (as set out above) have been theoretical. For the future, the potential advantages and disadvantages of the PTA provisions include those discussed in the preceding paragraphs.
- 7.11 Because there are arguments both for and against the renewal of the PTA provisions, your Directors wish to ensure that shareholders are given the opportunity to have their say on whether the PTA provisions should be renewed or allowed to expire, and accordingly the Directors have placed Item 7 on the agenda for this Meeting.

## RECOMMENDATION ON ITEM 7

- 7.12 Apart from the second bullet point in paragraph 7.7 above (the opportunity to sound out shareholders' views through a vote), there is no specific advantage or disadvantage for Directors, in their capacity as Directors, in renewing the PTA provisions.
- 7.13 Your Directors are of the view that the PTA provisions give shareholders greater flexibility by giving them the opportunity to decide whether a proportional takeover bid should proceed. If a proportional takeover bid does proceed, the bid process means that individual holders will still be able to make a separate decision as to whether or not they wish to accept the bid for their securities. Your Directors consider that, on balance, renewal of the PTA provisions is in the best interests of shareholders.
- 7.14 Your Directors unanimously recommend that you vote in favour of the special resolution to renew the PTA provisions.

# Attachment A

## Part A – Summary of key terms of Short-Term Incentive Plan (STIP)

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<b>Purpose</b>	The purpose of the STIP is to create a strong link between performance and reward by providing a variable/at risk element of executive remuneration that focuses on performance, generally over a period of one year.
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<b>Eligibility</b>	<p><b>Senior executives</b> are eligible to participate in the STIP. These comprise the CEO, other Key Management Personnel (as defined in the Corporations Act) (<b>KMP</b>) who hold executive roles, and other direct reports to the CEO and other persons selected by the Board.</p> <p>Non-executive Directors are not eligible to participate in the STIP.</p>
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<b>Potential award</b>	<p>For CEO and CFO, 44% of Base Package (at Target level performance), equivalent to 14.9% of Total Potential Remuneration.</p> <p>For other Key Management Personnel and direct reports to the CEO, 37.5% of Base Package (at Target level performance), equivalent to 14% of Total Potential Remuneration.</p>
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<b>Form of awards</b>	<p>As at the date of this Notice of Meeting, STIP awards are to be paid in the form of two thirds cash and one third deferred equity in the form of Service Rights.</p> <p>Service Rights do not attract dividends or distributions and voting rights in respect of Shares, until the Right vests and Shares are allocated to the holder upon vesting.</p>
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<b>Deferral</b>	If any STIP awards are made for FY 2020, they will comprise a one third equity component in the form of Service Rights. Those Service Rights will be deferred for one year (meaning they vest one year after the end of FY 2020), subject to the participant remaining employed by the Company at the end of the applicable vesting period (unless the Board determines otherwise).
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<b>Performance Conditions for STIP</b>	<p>Whether any STIP award is made in relation to a given financial year (and, if made, the amount of the award) depends on the extent to which the relevant participant has met their performance criteria or Key Performance Indicators (<b>KPIs</b>).</p> <p>Each KPI is allocated a weighting for each financial year that relates to the Target level of performance and reward. The weightings and nature of the KPIs may change from measurement period to measurement period. In FY 2018 (the most recent year in which STIP awards were made), the KPIs used for STIP awards included:</p> <ul style="list-style-type: none"><li>• Underlying Net Profit After Tax (<b>NPAT</b>) of the Healius Group as a whole;</li><li>• NPAT of the business division of which the relevant participant is a member;</li><li>• financial targets, including Earnings Before Interest and Tax (<b>EBIT</b>), operating cash flow and capital expenditure of the particular State (within the business division) where the relevant participant is located;</li><li>• various role-specific KPIs assigned to the relevant participant in relation to the financial year; and</li><li>• various behavioural KPIs assigned to the relevant participant in relation to the financial year.</li></ul> <p>KPIs can be in the nature of</p> <ul style="list-style-type: none"><li>• binary goals (where the potential result is either achieved or not achieved);</li><li>• a maximum goal (where the potential result for that KPI may be anywhere from zero up to the maximum goal); or</li><li>• scalable goals where potential results may be presented as a range (i.e. Threshold, Target and Stretch).</li></ul> <p>The calibration of performance conditions for a STIP award (including the vesting scales applied by the Board) may differ from year to year.</p> <p>In addition to the above criteria, all STIP awards are subject to a post-hoc quality of earnings test, the nature and application of which are at the Board's absolute discretion.</p> <p>The details of the performance criteria for FY 2020 STIP awards to KMP (if any) will be set out in the Company's 2020 Remuneration Report, which will be voted on at the Company's 2020 AGM.</p>
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# Attachment A

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## **Termination of employment**

If a STIP participant ceases to be an employee of the Company, and the termination of their employment is in circumstances other than Special Circumstances (defined below), then all unvested Rights held by the participant will be forfeited and lapse unless and to the extent otherwise determined by the Board.

If a STIP participant's termination is in Special Circumstances, then Service Rights granted under the STIP in the financial year of termination will be forfeited in the same proportion that the remainder of the financial year bears to the full financial year, unless otherwise determined by the Board.

Service Rights that do not lapse at the termination of employment will continue to be held by the participant with a view to testing for vesting at the end of the relevant measurement period.

**Special Circumstances** means death, total and permanent disablement as determined by the Board, retirement with the prior consent of the Board, redundancy, retrenchment or other Company-initiated terminations other than for cause.

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## **Change of Control including Takeover**

**A Change of Control** occurs when the Board advises participants that one or more persons acting in concert have acquired, or are likely to imminently acquire, "control" of the Company as defined in section 50AA of the Corporations Act.

In the event of a Change of Control the Board may in its discretion decide to:

- terminate the STIP for the measurement period and pay pro-rata awards based on the completed proportion of the measurement period and taking into account performance up to the date of the Change of Control; or
  - continue the STIP but make interim non-refundable pro-rata awards based on the completed proportion of the measurement period and taking into account performance up to the date of the Change of Control; or
  - allow the STIP to continue.
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## **Amendment**

The Board may amend or terminate the STIP at any time provided that the rights of participants to awards earned prior to the amendment or termination are not affected, unless otherwise agreed in writing by the participants.

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# Attachment A

## Part B – Summary of key terms of the Transformation Long-Term Incentive Plan (TLTIP)

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<b>Purpose</b>	The purpose of the TLTIP is to create a strong link between performance and reward by providing an at-risk element of executive remuneration that focuses on performance over the strategic plan period, up to 5 years. The TLTIP aims to align management rewards with shareholder value, thereby incentivising management to deliver the Company's current strategic plan.
<b>Eligibility</b>	<b>Senior executives</b> are eligible to participate in the TLTIP. These comprise the CEO, other KMP who hold executive roles, and other direct reports to the CEO and other persons selected by the Board.  Non-executive Directors are not eligible to participate in the TLTIP.
<b>Potential annual award</b>	For the CEO and CFO, 76% of Base Package (at Mid-point level performance), equivalent to 35% of Total Potential Remuneration.  For other KMP, 65% of Base Package (at Mid-point level performance), equivalent to 32% of Total Potential Remuneration.
<b>Form of awards</b>	Under the TLTIP, awards are to be made in the form of Options.  When calculating the number of Options to be issued, the fair market value of the Options will be calculated by an independent external accountant using standard methodologies (e.g. Black Scholes or Monte Carlo).  The number of Options issued will be sufficient to satisfy "Maximum" level performance.
<b>Exercise of Options</b>	Any Option issued under the TLTIP is an option to purchase an ordinary Share of the Company on a specified future date (the <b>Exercise Date</b> ) for a specified price (the <b>Exercise Price</b> ).  If the Exercise Price on the Exercise Date exceeds the Company's traded Share price on the Exercise Date, the Option is "in the money" and can be exercised and the issued Shares sold by the relevant participant for a profit. If the Exercise Price on the Exercise Date is less than or equal to the Company's traded Share price on the Exercise Date, the Option is "out of the money" and will generally not be exercised (and so will lapse).  The Exercise Price is set by the Board at the standard volume weighted average price ( <b>VWAP</b> ) for the Company's Shares for the 10 trading days following 1 July 2019 which was \$3.05 (the starting point for the measurement period, which covers FY 2020–FY 2024 inclusive).  The relevant TLTIP participant has the choice as to whether or not an Option is exercised on the Exercise Date.  Exercise of Options is also conditional on the Performance Conditions (see below) being satisfied.  The Board may also determine to deliver the difference in the Exercise Price of the Option and the Company's market Share price on the Exercise Date as cash.  The <b>Exercise Date Schedule</b> is as follows: <ul style="list-style-type: none"><li>• Tranche 1 (1/3 of the Options issued to the relevant participant) will be exercisable at the end of FY 2022;</li><li>• Tranche 2 (1/3 of the Options issued to the relevant participant) will be exercisable at the end of FY 2023; and</li><li>• Tranche 3 (1/3 of the Options issued to the relevant participant) will be exercisable at the end of FY 2024.</li></ul>

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# Attachment A

## Performance Conditions for TL TIP

In addition to the Exercise Date and Exercise Price, Options are also subject to three **Performance Conditions**:

- underlying Earnings Per Share (**EPS**);
- relative Total Shareholder Return (**rTSR**); and
- underlying Earnings Before Interest and Tax (**EBIT**).

The weighting of these Performance Conditions varies depending on the participant's role:

- For the **CEO and CFO**:
  - EPS: 66% weighting
  - rTSR: 33% weighting
- For **Divisional Chief Executives**:
  - EPS: 40% weighting
  - Business Unit EBIT: 40% weighting
  - rTSR: 20% weighting

The use of underlying performance measures for EPS and divisional EBIT includes a gate limiting adjustment between underlying and statutory results from FY 2022 onwards to the implementation costs of the Laboratory Information System in Pathology division, in order to provide confidence on adjustments between underlying and statutory results.

## EPS Performance Condition

The following targets for Compound Annual Growth Rate (**CAGR**) in underlying EPS have been approved by the Board:

**Entry: 4%**  
**Mid-point: 7%**  
**Maximum: 10%**

- Below Entry performance, none of the relevant Options become exercisable.
- At **Entry** performance, 25% of the relevant Options become exercisable.
- At **Mid-point** performance, 50% of the relevant Options become exercisable.
- At or above **Maximum** performance, 100% of the relevant Options become exercisable.

## rTSR comparator group

The Board has determined to update the comparator group of companies used to assess rTSR. The comparator group has been extended from 21 to 36, removing previous companies which were not considered comparable, and including non-healthcare companies from the ASX 51-150 in order to better reflect comparable market capitalisation, growth profiles, consumer surrogates and investment substitutes. The new comparator group is as follows (an asterisk denotes the relevant company was also part of the previous comparator group):

1300 Smiles *	Carsales.Com Limited	Metcash Limited
A.P. Eagers Limited	Clinuvel Pharmaceuticals Limited	Pacific Smiles Group Limited *
Accent Group Limited	Collins Foods Limited	Pact Group Holdings Limited
	Corporate Travel Management Limited	Premier Investments Limited
Ansell Limited *	Estia Limited *	Ramsay Health Care Limited *
ARB Corporation Limited	Event Hospitality & Entertainment Limited	Regis Healthcare Limited *
Australian Pharmaceutical Ind *	Inghams Group Limited	Resmed Inc.*
Bapcor Limited	Invocare Limited	Sigma Healthcare Limited *
Bega Cheese Limited	Japara Healthcare Limited *	SomnoMed Limited *
Blackmores Limited	JB Hi-Fi Limited	Sonic Healthcare Limited *
Bravura Solutions Limited	Link Administration Holdings Limited	Southern Cross Media Group Limited
Breville Group Limited	McMillan Shakespeare Limited	Virtus Health Limited *
Capitol Health Limited *		

# Attachment A

## Part B – Summary of key terms of the Transformation Long-Term Incentive Plan (TLTIP) (continued)

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### rTSR Performance Condition

The following targets for rTSR have been approved by the Board. Under the TLTIP, as under the Company's current Incentive Plan, any LTI award related to rTSR is also subject to the Company's absolute TSR over the relevant period being positive.

**Entry:** >P50 (i.e. the TSRs of more than 50% of the comparator group are less than the Company's TSR)

**Maximum:** >P75 (i.e. the TSRs of more than 75% of the comparator group are less than the Company's TSR)

- Below Entry performance, none of the relevant Options become exercisable.
  - At **Entry** performance, 50% of the relevant Options become exercisable.
  - Between Entry and Maximum performance, relevant Options become exercisable on a linear scale between 50% and 100%.
  - At or above **Maximum** performance, 100% of the relevant Options become exercisable.
- 

### EBIT Performance Condition

The divisional EBIT Performance Conditions are set by the Board as part of the Company's budgeting process. The prospective disclosure of these targets will not be made as it is commercially sensitive.

For the purposes of awards under the TLTIP, the Board's target-setting process will ensure that divisional Chief Executives (and other TLTIP participants to whom EBIT Performance Conditions are assigned) are rewarded only for consistently achieving EBIT growth within their division.

The use of underlying performance measures for divisional EBIT includes gate limiting adjustments between underlying and statutory results from FY 2022 onwards to the implementation costs of the Laboratory Information System in Pathology, in order to provide confidence on adjustments between underlying and statutory results.

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### Re-testing

There is no re-testing of Performance Conditions or deferral of the Exercise Date of Options.

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### Lapse and transferability

Any Option not exercised on the Exercise Date automatically lapses.

Other than in limited circumstances, Options may not be disposed of, transferred or otherwise dealt with, and lapse immediately on a purported disposal, transfer or dealing.

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### Termination of employment

If a participant ceases to be an employee of the Company, and the termination of their employment is in circumstances other than Special Circumstances (defined below), then all unvested Options held by the participant will be forfeited and lapse unless and to the extent otherwise determined by the Board.

If a participant's termination is in Special Circumstances, then Options granted in the financial year of termination will be forfeited in the same proportion that the remainder of the financial year bears to the full financial year, unless otherwise determined by the Board.

Options that do not lapse at the termination of employment will continue to be held by participants with the same Performance Conditions, Exercise Date and Exercise Price.

**Special Circumstances** means death, total and permanent disablement as determined by the Board, retirement with the prior consent of the Board, redundancy, retrenchment or other Company-initiated terminations other than for cause.

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# Attachment A

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**Bonus issues, rights issues and capital reorganisation**

In cases of bonus Share issues by the Company, the number of Options held by a participant will be increased by the same number as the number of bonus Shares that would have been received by the participant had the Options been fully paid ordinary Shares in the Company (except in the case that the bonus Share issue is in lieu of a dividend payment, in which case no adjustment will apply).

In the case of general rights issues to shareholders there will be no adjustment to Options.

In the case of an issue of rights other than to the Company's shareholders, there will be no adjustment to Options.

In the case of other capital reconstructions, the Board may make such adjustments to Options as it considers appropriate.

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**Change of Control including takeover**

A **Change of Control** occurs when the Board advises participants that one or more persons acting in concert have acquired, or are likely to imminently acquire "control" of the Company as defined in section 50AA of the Corporations Act.

In the event of a Change of Control of the Company, the Board has discretion to determine that vesting of all or some of the Options should be accelerated. If a Change of Control occurs before the Board has exercised its discretion, a pro rata portion of Options will vest, calculated based on the portion of the relevant performance period that has elapsed up to the Change of Control, and the Board retains a discretion to determine if the remaining Options will vest or lapse.

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**Amendment**

The Board may amend or terminate the TLIP at any time provided that the rights of participants to awards earned prior to the amendment or termination are not affected, unless otherwise agreed in writing by the participants.

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123 SAMPLE STREET  
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SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

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## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 9:00am (Sydney time) Saturday, 23 November 2019.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Healius Limited hereby appoint

the Chair of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Healius Limited to be held on Level 2, Gallery 1, 2 & 3, Four Seasons Hotel Sydney 199 George Street, Sydney NSW 2000 on Monday, 25 November 2019 at 9:00am (Sydney time) and at any adjournment or postponement of that meeting.

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Items 2, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Items 2, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair.

**Important Note:** If the Chair of the Meeting is (or becomes) your proxy you can direct the Chair to vote for or against or abstain from voting on Items 2, 4, 5 and 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
2. Adoption of the 2019 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr Paul Jones as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of issue of securities under the Transformation Long-Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of issue of securities under Non-executive Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Renewal of proportional takeover approval provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

