

INGHAMS GROUP LIMITED

ACN 162 709 506

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is given that an Annual General Meeting of the members of INGHAMS GROUP LIMITED ACN 162 709 506 (“Company” or “Ingham’s”) will be held as a virtual meeting on Thursday 4 November 2021 at 10.00am (Sydney time) (“AGM” or the “meeting”).

Shareholders and proxyholders can listen, vote, make comments and ask questions during the AGM via the online platform at: web.lumiagm.com/356220431

Further details on how to participate in the AGM are set out in the Virtual Meeting Online Guide, available at <https://investors.ingham.com.au/Investor-Centre/AGM.html?page=annual-general-meetings>

ITEMS OF BUSINESS

1. Financial Report

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 26 June 2021.

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

2. Re-election of Ms Linda Bardo Nicholls AO as Non-Executive Director

That Ms Linda Bardo Nicholls AO be re-elected as a Non-Executive Director of the Company.

3. Remuneration Report

That the Remuneration Report for the year ended 26 June 2021 be adopted.

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion applies to this resolution (see section 2 of the notes relating to voting).

4. Approval of grant of performance rights to the Chief Executive Officer and Managing Director & (CEO/MD) under FY22 Long Term Incentive Plan (LTIP)

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Mr Andrew Reeves as his LTIP grant for the year ending 25 June 2022 on the terms described in the Explanatory Memorandum accompanying the Notice of Meeting.

Note: A voting exclusion applies to this resolution (see Item 2 of the notes relating to voting).

5. Changes to terms of performance rights granted to Management under the FY20 Transformational Incentive Plan (TIP)

That approval be given for all purposes, including ASX Listing Rule 6.23.4, for the amendment of the terms of grant of performance rights issued to members of the Company’s Management as their TIP grant for the year ended 27 June 2020, on the terms described in the Explanatory Memorandum accompanying the Notice of Meeting.

Note: A voting exclusion applies to this resolution (see Item 2 of the notes relating to voting).

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

6. Conditional spill resolution

That, subject to and conditional on at least 25% of the votes cast on Item 3 being cast against the Remuneration Report:

- a) an extraordinary general meeting of the Company ("**Spill Meeting**") be held within 90 days of the passing of this resolution;
- b) all of the Non-Executive Directors who were in office when the resolution to approve the Directors' Report for the financial year ended 26 June 2021 was passed and who remain in office at the time of the Spill Meeting (being Mr Peter Bush, Mr Robert Gordon, Mr Michael Ihlein, Ms Jacqueline McArthur, Ms Helen Nash, Ms Linda Bardo Nicholls AO), cease to hold office immediately before the end of the Spill Meeting; and
- c) 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.

Note: A voting exclusion applies to this resolution (see section 2 of the notes relating to voting).

The notes relating to participating in the meeting online, voting and the Explanatory Memorandum form part of this Notice of Meeting.

By Order of the Board



David Matthews
Company Secretary
5 October 2021

Notes to Notice of Annual General Meeting

Technical difficulties during virtual AGM

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 for receipt by 10.00am (Sydney time) Tuesday, 2 November 2021 even if they plan to attend the meeting online.

Notes relating to voting

1. Entitlement to vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7.00pm (Sydney time) on Tuesday, 2 November 2021 will be entitled to attend and vote at the meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

If more than one joint holder of shares is present at the meeting (whether personally, by proxy or by attorney or by representative) and submits a vote, only the vote of the joint holder whose name appears first on the register will be counted.

The vote on each resolution will be decided on a poll, and each shareholder present in person or by proxy shall have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

2. Voting exclusions

Items 3 and 6

The Company will disregard any votes cast on Items 3 and 6:

- by or on behalf of a member of the Company's Key Management Personnel (KMP) named in the Company's Remuneration Report for the year ended 26 June 2021 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties;
- unless the vote is cast as proxy for a person entitled to vote on Item 3 or 6 (as applicable):
 - in accordance with a direction given to the proxy to vote on the resolution in that way; or
 - by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though the resolution is connected with the remuneration of KMP.

Item 4

The Company will disregard any votes cast on Item 4:

- in favour of the resolution by or on behalf of Mr Andrew Reeves or any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,
- unless the vote is cast on Item 4:
 - 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;
 - by the Chairman of the meeting as proxy for a person entitled to vote on the resolution, pursuant to an express authorisation to vote as the Chairman of the meeting 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

The Company will disregard any votes cast on Item 5:

- in favour of the resolution by or on behalf of any person who holds a performance right under the FY20 TIP or any of their associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,
- unless the vote is cast on Item 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;
 - by the Chairman of the meeting as proxy for a person entitled to vote on the resolution, pursuant to an express authorisation to vote as the Chairman of the meeting 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.

3. Proxies

A shareholder entitled to attend and vote at the meeting has a right to appoint a proxy to attend and vote on their behalf. A proxy need not be a shareholder and can be either an individual or a body corporate.

- a. A shareholder can appoint a proxy online at <https://www.investorvote.com.au> or by requesting a proxy form from the Company's registry (see section 4 of these notes relating to voting).
- b. A shareholder that is entitled to cast 2 or more votes may appoint 2 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 of the shareholder's votes.
- c. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
 - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.
- d. If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy appointment. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.
- e. Unless the Chairman of the meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on Items 3, 4, 5 & 6 unless you direct them how to vote. If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, you should ensure that you direct that person how to vote on Items 3, 4, 5 & 6.

f. If you intend to appoint the Chairman of the meeting as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote “for”, “against” or “abstain” from voting). However, if you appoint the Chairman of the meeting as your proxy, or they become your proxy by default, and you do not mark a box next to Items 3, 4, 5 & 6 then by submitting the proxy appointment, you will be expressly authorising the Chairman to vote as they see fit in respect of Items 3, 4, 5 & 6 even though these Items are connected with the remuneration of the Company’s KMP.

g. If:

- a poll is duly demanded at the meeting in relation to a proposed resolution;
- a shareholder 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 shareholder’s proxy is either not recorded as attending the meeting or does not vote in accordance with the shareholder’s direction 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 shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.

h. Please note that the Chairman of the meeting intends to vote all available proxies in favour of the resolutions comprising Items 2 to 5 and, if it is put to the meeting, against the resolution comprising Item 6.

4. Lodgement of proxy appointments

To be effective, your proxy appointment (and any power of attorney or other authority under which it is signed) must be received no later than 10.00am (Sydney time) Tuesday, 2 November 2021 at:

<p>Mail: Inghams Group Limited C/ - Computershare Investor Services Pty Limited GPO Box 242 Melbourne Vic 3001</p>	<p>By Hand: Inghams Group Limited C/- Computershare Investor Services Pty Ltd 21 Wirraway Drive, Port Melbourne VIC 3207</p>
<p>Ph: 1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)</p>	<p>Online: www.investorvote.com.au</p>

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

5. Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of their appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

An appointment of corporate representative form may be obtained from Computershare Investor Services Pty Limited by calling 1300 850 505 or online at:

<https://www-au.computershare.com/Investor/help/PrintableForms>

6. Voting by attorney

A shareholder entitled to attend, and vote may appoint an attorney to act on their behalf at the meeting. An attorney may but need not be a member of the Company. An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy appointments.

EXPLANATORY MEMORANDUM
for Annual General Meeting of Inghams Group Limited

1. Annual Financial Report

The Corporations Act requires: (i) the reports of the Directors and Auditor; and (ii) the annual Financial Report (including the Financial Statements and Notes) of the Company and its controlled entities for the year ended 26 June 2021 to be laid before the AGM.

The annual Financial Report, Directors' Report and Auditor's Report are contained in the Company's 2021 Annual Report and can be accessed at www.ingham.com.au.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on this Item. However, shareholders will be given an opportunity to raise questions or comments on the management of the company.

A reasonable opportunity will also be given at the meeting for shareholders as a whole to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

2. Re-election of Linda Bardo Nicholls AO as Non-Executive Director

Ms Linda Bardo Nicholls AO was appointed as a Non-Executive Director on 7 October 2016 and was last elected by shareholders on 18 October 2018. Pursuant to the ASX Listing Rules and the Company's Constitution, Ms Nicholls will retire at the conclusion of the meeting and, being eligible, she is seeking re-election as a Non-Executive Director at the meeting.

Ms Nicholls is a member of the Finance & Audit Committee and a member of the People & Remuneration Committee of the Company.

Ms Nicholls has more than 30 years' experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand and the United States. Ms Nicholls is Chairman of Japara Healthcare Limited and Melbourne Health, a Director of Medibank Private Limited and serves on the Museums Board of Victoria. She has previously served as a Director and Chairman on the Boards of other major Australian listed companies and is a Life Fellow of the Australian Institute of Company Directors.

The Board has reviewed the performance of Ms Nicholls and believes that she continues to provide a valuable contribution to the Board with her expertise in financial services and extensive experience across a range of other listed companies operating in different sectors of the economy.

The Board considers Ms Nicholls to be independent.

Recommendation

For the reasons outlined above, the Board (with Ms Nicholls abstaining) recommends that shareholders vote in favour of the re-election of Linda Bardo Nicholls AO as a Non-Executive Director.

3. Remuneration Report

Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the Remuneration Report. The Remuneration Report is contained in the Company's Annual Report and sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 26 June 2021.

At last year's Annual General Meeting, 51.25% of the votes cast on the resolution to adopt the 2020 Remuneration Report were against the resolution. Accordingly, the Company received a "first strike". Since that meeting, the Company has consulted with stakeholders to seek to understand the concerns that led to the "first strike" and these discussions have influenced the setting, assessment and disclosure of KMP remuneration and outcomes for the financial year ended 26 June 2021 (including the proposal included in Item 5 to amend the terms of performance rights previously granted under the FY20 TIP).

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, if more than 25% of the votes cast on this Item are against adopting the Remuneration Report, the contingent spill resolution in Item 6 will be put to the meeting. The operation and consequences of a spill resolution are set out under Item 6 below.

The Board takes its responsibilities in relation to remuneration seriously and believes that the remuneration outcomes for the financial year ended 26 June 2021 address the concerns that led to last year's "first strike".

Recommendation

The Board recommends that shareholders vote in favour of the adoption of the Remuneration Report.

4. Approval of grant of performance rights to the CEO & Managing Director (CEO/MD) under FY22 Long Term Incentive Plan (LTIP)

The Company is seeking shareholder approval for the long-term incentive plan ("LTIP") grant of performance rights to the CEO/MD, Mr Andrew Reeves, for the financial year ending 25 June 2022 ("FY22 LTIP").

Proposed grant of performance rights

Under ASX Listing Rule 10.14, a grant of securities to a director or associate of a director requires shareholder approval. Given Mr Reeves is a Director of the Company, shareholder approval is being sought at this meeting to grant 408,335 performance rights to Mr Reeves as his FY22 LTIP award.

The FY22 LTIP is designed to align the interests of the CEO/MD with the interests of shareholders by providing the opportunity to receive an equity interest in the Company through the granting of performance rights. Each performance right granted under the FY22 LTIP will entitle the CEO/MD to receive one fully paid ordinary share in the Company, subject to meeting the performance conditions outlined below.

Performance rights are used as instruments by the Company because they create alignment between the interests of the CEO/MD and shareholders but do not provide him with the full benefits of share ownership (such as dividend and voting rights) unless and until the performance rights vest.

Subject to receiving shareholder approval at the meeting, the performance rights will be granted to the CEO/MD under the Company's Equity Incentive Plan ("Plan") within 12 months of the meeting. If shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr Reeves.

As the performance rights will form part of the CEO/MD's remuneration, they will be granted at no cost and there will be no amount payable on vesting. The Board retains a discretion to make a cash payment to participants on vesting of the performance rights in lieu of an allocation of shares.

Key terms of the FY22 LTIP award

The key terms of the proposed FY22 LTIP award are set out below. The design of the FY22 LTIP differs from the FY21 LTIP approved at the 2021 AGM only in relation to the peer group for determining relative shareholder return. The peer group used in the FY21 LTIP Relative TSR performance hurdle is the "ASX 200" (excluding companies classified as financial, mining and resources). Following an external review, the Board determined that the "ASX Small Ordinaries" better reflects an appropriate group of comparable companies against which Ingham's should be measured and has amended the Relative TSR peer group accordingly.

Quantum of award	408,335 performance rights, representing an LTIP award with a face value of \$1,650,000 (being 150% of the CEO/MD's TFR for the relevant financial year). The number of performance rights to be granted under the FY22 LTIP has been calculated by dividing the face value opportunity by \$4.0408, being the volume weighted average price of Ingham's shares traded on the ASX in the 10 trading days after 20 August 2021 (i.e. the announcement of Ingham's FY21 annual results). The actual value that the CEO/MD will receive (if any) will depend on whether the performance conditions are achieved.
Performance period	3 years, commencing on 27 June 2021 and ending on or about 1 July 2024.
Performance testing	Performance rights will vest at the end of the relevant performance period, subject to the satisfaction of the performance conditions. Performance will not be re-tested if the performance conditions are not satisfied at the end of the relevant performance period. Any performance rights that

	remain unvested at the end of the relevant performance period will lapse immediately																				
Performance conditions	<p>The FY22 LTIP performance rights are subject to the satisfaction of two equally weighted performance conditions:</p> <p>Relative total shareholder return (“TSR”) (50% of award)</p> <p>For this component, the Company’s relative TSR will be compared to a comparator group comprising the ASX Small Ordinaries and vest according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Company’s relative TSR rank in the comparator group over performance period</th> <th>% of TSR Rights that Vest</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile</td> <td>Nil</td> </tr> <tr> <td>At 50th percentile (threshold)</td> <td>50%</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>Straight line pro rata Vesting between 50% and 100%</td> </tr> <tr> <td>At 75th percentile or above</td> <td>100%</td> </tr> </tbody> </table> <p>Return on invested capital (“ROIC”) (50% of award)</p> <p>For this component, the Company’s Underlying Return on Invested Capital pre AASB-16 (“ROIC”) will be calculated as the equivalent of net operating profit after tax divided by average invested capital. The Company’s ROIC for each of the three years forming the performance period will be averaged to provide an overall outcome, with ROIC performance targets set out below (rather than retrospectively), following shareholder feedback.</p> <p>The Board reserves discretion to make adjustments to ROIC in exceptional circumstances, such as to take account of corporate actions undertaken by the Company.</p> <p>The level of vesting of this component will be determined according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Company’s ROIC Outcome</th> <th>% of ROIC Rights that Vest</th> </tr> </thead> <tbody> <tr> <td>Less than 20.8% p.a.</td> <td>Nil</td> </tr> <tr> <td>At 20.8% pa.</td> <td>50%</td> </tr> <tr> <td>Between 20.8% p.a. and 24.1% p.a.</td> <td>Straight line pro rata Vesting between 50% and 100%</td> </tr> <tr> <td>At 24.1% p.a. or more</td> <td>100%</td> </tr> </tbody> </table>	Company’s relative TSR rank in the comparator group over performance period	% of TSR Rights that Vest	Less than 50th percentile	Nil	At 50th percentile (threshold)	50%	Between 50th and 75th percentile	Straight line pro rata Vesting between 50% and 100%	At 75th percentile or above	100%	Company’s ROIC Outcome	% of ROIC Rights that Vest	Less than 20.8% p.a.	Nil	At 20.8% pa.	50%	Between 20.8% p.a. and 24.1% p.a.	Straight line pro rata Vesting between 50% and 100%	At 24.1% p.a. or more	100%
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Voting and dividend entitlements	<p>Performance rights granted under the FY22 LTIP do not carry dividend or voting rights prior to vesting.</p> <p>Shares allocated upon vesting of performance rights carry the same dividend and voting rights as other Ingham’s shares.</p>																				
Cessation of employment	<p>If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested performance rights will automatically lapse.</p> <p>In all other circumstances, the performance rights remain on foot and subject to the original performance conditions, unless the Board exercises a discretion to treat them otherwise. Where the CEO/MD ceases employment in the first 2 years of the performance period, the Board would generally expect to lapse his entitlements. Where the CEO/MD ceases employment in the third year of the performance period, the Board would generally expect to lapse a pro-rata amount of the performance rights (based on the portion of the performance period not completed).</p>																				

Change of control	Under the Plan rules and the terms of the FY22 LTIP awards, the Board may determine in its absolute discretion that some or all of participant's performance rights will vest on a likely change of control.
Clawback	Under the Plan rules and the terms of the FY22 LTIP awards, the Board has clawback powers which it may exercise if, among other things: <ul style="list-style-type: none"> the participant has acted fraudulently or dishonestly, has engaged in gross misconduct, brought Ingham's, the Ingham's group or any Ingham's group company into disrepute or breached their obligations to the Ingham's group, or Ingham's is required by or entitled under law or Ingham's policy to reclaim remuneration from the participant; there is a material misstatement or omission in the accounts of an Ingham's group company; or the participant's entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the performance rights would not have otherwise vested.
Restrictions on dealing	Mr Reeves must not sell, transfer, encumber, hedge or otherwise deal with performance rights. Mr Reeves will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of Ingham's Securities Dealing Policy.
Other terms of the Plan	The Board may amend or waive terms under the Plan, subject to the ASX Listing Rules. Subject to the Listing Rules, the Board may make such adjustments to rights awarded under the Plan as the Board considers appropriate in order to minimise or eliminate any material advantage or disadvantage to the CEO resulting from a corporate action such as a capital raising or capital reconstruction. The Remuneration Report in the Company's Annual Report for the financial year ended 26 June 2021 contains further details about the Plan.

Additional information provided in accordance with ASX Listing Rule 10.15

- Approval is required for the grant to Mr Reeves under ASX Listing Rule 10.14.1 given that he is a Director of the Company.
- Mr Reeves' current total remuneration package is \$4,400,000 comprising \$1,100,000 as total fixed remuneration (inclusive of superannuation) and \$3,300,000 as the maximum amount he can earn as variable remuneration.
- Mr Reeves is the only Director (or associate of a Director) entitled to receive performance rights under the LTIP.
- This is the first year Mr Reeves has participated in the LTIP and accordingly he has not previously received performance rights under the plan.
- No other Directors (or associates of Directors) have received securities under the Company's LTIP.
- No loan will be made by the Company in relation to the acquisition of performance rights.
- Details of performance rights issued under the Plan pursuant to these approvals 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 performance rights 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 that rule.

Recommendation

The Board (with Mr Reeves abstaining) recommends that shareholders vote in favour of the grant of performance rights to Mr Reeves under the FY22 LTIP.

5. Changes to terms of performance rights granted to Management under the FY20 transformational incentive plan (“TIP”)

The Company is seeking approval to amend the terms of outstanding performance rights awards granted under the FY20 transformational incentive plan (“TIP”). The changes proposed relate to the name of the plan under which the performance rights were granted, along with replacement of the original performance conditions with new performance conditions to better align with feedback received from shareholders.

ASX Listing Rule 6.23.4 requires shareholder approval for any changes to the terms of outstanding performance rights. If approved, the terms of grant of 1,249,796 outstanding performance rights held by Management under the FY20 TIP will be amended as outlined below, subject to the Company also receiving individual consents from the relevant senior managers (which are expected to be forthcoming). The outstanding performance rights include a grant of 156,416 rights to Mr Leighton, the former CEO/MD, that will be tested only on the TSR component. This grant of rights excludes 782,075 originally approved at the 2019 AGM to be granted to Mr Leighton and which were to be tested against the EPS component. The outstanding performance rights represent the maximum available pro rata amount equivalent to the proportion of the performance period which Mr Leighton worked up to his date of departure, in accordance with his agreed departure from the Company announced on 29 March 2021.

Reason for proposed changes

During FY20, the Board undertook a comprehensive review of the Company’s historical LTIP arrangements, with a view to more closely linking executives’ long-term incentives to the critical strategic objectives of the business, including with regard to the COVID-19 pandemic and the clear need for achievement of a range of strategic projects over the near and medium term.

The outcome of the Board’s review was the development of the Company’s TIP on an interim basis for FY20 to replace the LTIP for that year. Awards under the FY20 TIP were granted to members of Management in March 2020, with an award to the Company’s former CEO/MD proposed for approval at the 2020 AGM.

At the 2020 AGM, the proposed FY20 TIP grant to the former CEO/MD was not carried by shareholders. Following extensive engagement with shareholders and proxy advisers, the Company understands that shareholders do not support the strategic or market measures included in the TIP and would strongly prefer that the Company revert to its previous LTIP arrangements.

Accordingly, while there is no requirement to do so, the Board has taken into account shareholder feedback that the terms of the FY20 TIP were not acceptable to shareholders and therefore proposes to amend the terms of outstanding performance rights under the FY20 TIP currently held by Management so that the performance conditions revert to the previous FY20 LTIP terms approved by shareholders at the 2019 AGM, and which are aligned with the performance measures which applied under the Company’s previous LTI plans.

Changes proposed to FY20 TIP awards

In order for the terms of the plan to revert to the LTIP approved by shareholders at the 2019 AGM, two changes are proposed to the FY20 TIP awards:

- Renaming of the plan and related awards from the ‘FY20 transformational incentive plan’ to the ‘FY20 long term incentive plan’; and
- Replacing the existing performance conditions under the FY20 TIP with performance conditions aligned with the Company’s previous LTIP arrangements.

The changes to the performance conditions applying to the performance rights will be as follows:

Old performance conditions being amended (FY20 TIP)

Before any of the FY20 TIP performance rights are able to vest, two gateways must be achieved:

- actively employed for entire performance period up to and including vesting; and
- Individual Performance overall rating at “meets expectations” or above for the entire performance period.

Strategic Objectives (50% of award):

- **Culture:** progress against a baseline measurement, using the Human Synergistics Organisational Culture Inventory tool.
- **Cost:** progress in reducing operational costs by measuring improvement in net margin before selling and general administration costs.
- **Consumer:** progress in building brand awareness, through measuring increases in revenue from branded products.

Market objectives (50% of award):

- **Cumulative EBITDA:** achievement against targets for underlying EBITDA over 3 years.
- **TSR:** achievement against targets for absolute TSR over 3 years.

Amended to the terms below in order to revert to the LTIP terms approved at the 2019 AGM:

New performance conditions (amended FY20 LTIP)

Performance rights under the amended FY20 LTIP award will vest at the end of the original performance period (30 June 2019 to 25 June 2022), subject to the satisfaction of the following amended performance conditions.

The performance conditions are as follows:

- 75% of the performance rights will be subject to a performance condition based on Ingham’s absolute earnings per share (“**EPS**”) over the performance period (“**EPS Component**”); and
- the remaining 25% of the performance rights will be subject to a relative total shareholder return (“**TSR**”) performance condition, measured over the performance period (“**TSR Component**”). Ingham’s relative TSR will be compared to a comparator group comprising the ASX 200 (excluding companies classified as financial, mining and resources) (“**Relevant Comparator Group**”).

EPS Component (75% of amended FY20 LTIP award)

In order for any performance rights in the EPS Component to vest, a threshold target must be achieved (as set out below). The percentage of performance rights comprising the EPS Component that vest, if any, will be determined over the relevant performance period by reference to the following vesting schedule:

Ingham’s EPS over the performance period	% of performance rights in EPS Component that vest
Less than threshold 5% annual growth	Nil
Equal to threshold 5% annual growth	50%
Greater than threshold 5% annual growth up to target 9% growth	Straight line pro rata vesting between 50% and 100%
At or above target 9% annual growth	100%

The Board will disclose the vesting outcomes at the end of the relevant performance period.

EPS results for the three years will be averaged to provide an overall outcome for the performance period. A threshold of 50% of target over the performance period must be reached before any performance rights measured against the EPS target can vest.

TSR Component (25% of amended FY20 LTIP award)

The percentage of performance rights comprising the TSR Component that vest, if any, will be based on Ingham's TSR ranking over the relevant performance period, as set out in the following vesting schedule:

Ingham's TSR rank in the Relevant Comparator Group	% of performance rights in TSR Component that vest
Less than 50th percentile	Nil
At 50th percentile (threshold performance)	50%
Between 50th and 75th percentile	Straight line pro rata vesting between 50% and 100%
At 75th percentile or above	100%

Performance will not be re-tested if the performance conditions are not satisfied at the end of the relevant performance period. Any performance rights that remain unvested at the end of the relevant performance period will lapse immediately.

Recommendation

The Board recommends that shareholders vote in favour of amending the terms of the performance rights granted to Management under the FY20 TIP.

6. Conditional spill resolution

At last year's Annual General Meeting more than 25% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report and the Company received a "first strike". Item 6 is a conditional resolution and will not be required to be put to the meeting if more than 75% of votes cast on Item 3 are cast in favour of the resolution to adopt the Remuneration Report (i.e. if the Company avoids a "second strike").

If the Company is required to put the conditional spill resolution to the meeting, and the spill resolution is passed and becomes effective, it will be necessary for the Board to convene an extraordinary general meeting of the Company ("**Spill Meeting**") to be held within 90 days of the date of the 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 the Spill Meeting is held, the following Non-Executive 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:

- Mr Peter Bush;
- Mr Robert Gordon;
- Mr Michael Ihlein;
- Ms Jacqueline McArthur;
- Ms Helen Nash; and
- Ms Linda Bardo Nicholls AO.

Even if Ms Nicholls is re-elected at the AGM, she will still need to be re-elected at the Spill Meeting to remain in office following the Spill Meeting.

When considering this Item, the Board suggests that shareholders consider:

- the Board's response to the first strike received at the 2020 Annual General Meeting, which is set out in the Company's Remuneration Report;
- the additional costs of, and uncertainty and disruption caused by, convening an additional general meeting of shareholders which the Board does not consider to be in the best interests of the Company or its shareholders; and
- each Non-Executive Director has previously been elected as a Director of Ingham's by shareholders and received strong support from shareholders.

Recommendation

If it is required to be put to the meeting, the Board recommends that shareholders vote **against** the conditional spill resolution.