



Ramsay and its second AGM with COVID

Company/ASX Code	Ramsay Health Care/RHC
AGM date	24 November 2021
Time and location	10:30am Online:
Registry	Boardroom
Webcast	Yes
Poll or show of hands	e.g. Poll on all items
Monitor	Helen Manning assisted by Karin Hickman and Ramaswamy Rajagopal
Pre AGM Meeting?	Yes with Chair Michael Siddle, Alison Deans Chair of the People and Remuneration Committee, Henrietta Rowe Group General Counsel and Company Secretary, Group Chief People Officer Colleen Harris, Group Head of Investor Relations Kelly Hibbins.

Please note any potential conflict as follows: The individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Summary of issues for meeting

There should be no major issues for this meeting.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

The ASA has no major issues with the items on the agenda for this AGM.

Governance and culture

Ramsay Health Care’s governance framework comprehensively outlines policies and procedures to ensure effective management meeting statutory obligations in accordance with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations. In its focus on The Ramsay Way “People Caring For People”, the company aims to reinforce its culture of personal and corporate integrity across all aspects of its business.

To this end, the company emphasises ethical and responsible behaviour in the conduct of its people and its businesses. The Risk Management Committee is informed of any material breaches of the Code of Conduct, rejecting bribery and corrupt behaviour thus protecting Ramsay’s reputation and maintaining the confidence of people and organisations with whom it conducts business.

Its Policies include Whistleblower, Securities Trading and Human Rights & Labour policies and it has released a modern slavery statement in FY21, which addressed both the reporting requirements under the UK Modern Slavery Act 2015 (UK) and the Australian Modern Slavery Act 2018. It was the first time Ramsay was required to report under the Australian Modern Slavery Act 2018.

Ramsay is also progressively implementing a Code of Conduct for Agents, Manufacturers and Suppliers with whom it does business, as a term of key supplier contracts as those contracts are entered, reviewed or renewed.

As a global group, employing over 80,000 staff and caring for over eight million patients each year, in October 2020, the Board approved the Global Sustainability Policy, which outlines the company's commitment to be a sustainable and responsible business. The objective of the Policy is to improve or maintain social and environmental value drivers that can impact our long-term value creation and reputation, all of which should benefit stakeholders.

On 29 October 2021, Ramsay released its Impact Report on how Ramsay has progressed the Ramsay Cares sustainability strategy and goals in its business activities during the financial year ending 30th June 2021. The report includes the commencement of reporting aligned to the Task force for Climate related Financial Disclosures (TCFD) recommendations.

Ramsay and its Board of Directors are to be commended for recognising the importance of good governance in achieving the company's objectives of delivering high quality health care services, long term sustainable growth and shareholder returns to meet the expectations of all stakeholders and in executing the company's broader role as a good corporate citizen.

Financial performance

Despite another year of COVID disruptions to this global health care company the company has done well. Statutory profit was up 58.1% to \$449 million and dividends for the year were 151.5 cents per share albeit, representing a payout ratio of 79%.

Key events

Of interest and significance were the substantial refinancing of debt through syndicated sustainability linked loans which were obtained due to the sustainability strategy of the company.

In July 2021 the UK Spire Healthcare takeover was narrowly voted down by the shareholders of Spire. This would have been a good strategic fit for Ramsay. Ramsay continues to state that it will continue to find opportunities elsewhere.

Key Board or senior management changes

Peter Evans retires at this year's AGM. He has been a director of the company since 1990 and prior to that an executive since 1969.

ASA focus issue (not discussed under remuneration report or re-election of directors)

A focus area for the ASA has been how companies have responded to the COVID pandemic. Much of our interest has been around this. Specifically, the ASA did ask Ramsay if they had been a recipient of Jobkeeper. We asked this question because it is a topical question. The answer was a definite no.

Summary: From 1st July 2019 AASB16 Leases replaced AASB117 Leases *

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	449	284.0	545.5*	388.3*	550.9*
UPAT (\$m)	na	336.9	590.9*	579.3*	601.9*
Share price (\$)	62.95	66.52	72.24	53.98	73.6
Dividend (cents)	151.5	62.5	151.5	144.0	134.5
Simple TSR (%)	-3.09%	-7.05%	36.63%	-24.71%	4.4%
EPS (cents)	193.2	131.0	264.9	186.7	236.5
CEO total remuneration, actual (\$m)	4.426	5.124	4.803	7.519	22,23

For 2021, the CEO's total actual remuneration was **47 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Note - For May 2021, the Full-time adult average weekly total earnings (annualised, original) was \$93,444 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

Item 2	Adoption of Remuneration Report
ASA Vote	For

Despite multiple public health lockdowns in Australia, UK, Europe and Asia, the Group did not require any redundancies or stand downs. Ramsay's 2030 strategy included building additional capabilities to ensure the Group is well placed to deliver various global and regional priorities and linking remuneration with Group performance. Therefore, having regard to the Group's performance during the financial year and the current external climate:

- no increases were made to fixed annual remuneration (FAR) for Executive Key Management Personnel (KMP);
- the FY21 STI outcomes are between target and maximum for Executive KMP, reflecting solid financial outcomes through the pandemic disruption with results improving as the business adapts to the unpredictable operating environment;
- the FY19 LTI (tested at 30 June 2021) did not vest, reflecting that there was no vesting against the relative TSR or EPS components.
- no portion of the EPS component vested given the impact of COVID in FY20
- the relative TSR component of the FY18 LTI was also retested in FY21 and did not vest

In response to feedback from shareholders and as foreshadowed in the FY20 Remuneration Report, the Group has made a number of changes to the LTI plan for FY21 to more closely align with long term value creation and market practice. Key changes included:

- the introduction of a return on capital (ROIC) gateway in respect of the component of the LTI assessed against CAGR EPS. Ramsay continues to pursue a growth strategy – including significant acquisitions, as well as organic capital investment – in a capital-intensive business. As such, the Group recognises that it is important to ensure that management deploys capital effectively. To reflect this, from FY21, the EPS component of the LTI grant will only vest if a threshold level of ROIC is achieved;
- transitioning to an EPS vesting schedule assessed against long term growth targets. From FY21, the EPS metric used in the LTI will be based on 3-year growth in EPS assessed against threshold and stretch performance levels. This is intended to increase transparency for shareholders, strengthen the focus on long term performance and align with market practice;
- the Group will no longer report Core EPS and Non-Core EPS. To align with this, the EPS metric used for the FY21 LTI awards onwards will be statutory EPS.

From FY21 and as foreshadowed in last year’s remuneration report, the Board has determined to align NED fees with market practice:

- reduce the Chairman’s fees from \$725,000 (FY20) to \$659,900 (FY21);

Summary of ASA Position

The ASA will vote for the remuneration report and direct its proxies to that aim.

Item 3.1	Re-election of Mr David Ingle Thodey AO as a Director
ASA Vote	Undecided

Mr Thodey’s background, qualifications, board committee memberships and his dates of appointment are laid out in the notice of meeting. The annual report also details the fees he earned, his attendance for all of the possible formal committee meetings and his share ownership in Ramsay.

Mr Thodey has an impressive business background including being CEO of Telstra and IBM. He has a broad education across the arts and technology. He also owns more than the ASA desired level of share ownership in Ramsay. (The ASA considers that share ownership is a good sign of shareholder alignment).

Mr Thodey is currently Chairman of Australia’s national scientific research agency, the Commonwealth Scientific and Industrial Research Organisation, Chairman of Tyro Payments Limited (a leading alternative payments provider) and Xero Limited (a small business accounting software company). The ASA limits its support to a director sitting on five separate and un-related listed company boards and a chair role is assessed as the equivalent of serving on two boards. When Mr Thodey was first appointed to the board in 2018 we asked him about his workload. We will be asking this question again at the meeting. We do note that he did attend all the formal committee meetings where he is a member, but we do know that the Covid situation meant that there were many more informal meetings held with the board, particularly when the crisis first broke.

Summary of ASA Position

The ASA will question Mr Thodey’s workload before deciding on how to direct its proxies.

Item 3.2	Re-election of Dr Claudia Ricarda Rita Süssmuth Dyckerhoff as a Director
ASA Vote	For

Dr Süssmuth Duckerhoff's background, qualifications, board committee memberships and her dates of appointment are laid out in the notice of meeting. The annual report also details the fees she earned, her attendance for nearly all of the possible formal committee meetings and her share ownership in Ramsay.

Dr Süssmuth Duckerhoff has a European background in healthcare and management and as such seems to be a good fit for a global healthcare company. She joined the board in 2018.

Summary of ASA Position

The ASA supports her re-election to the board and will direct its proxies to support the motion.

Item 4	Grant of Performance rights to Managing Director Craig McNally
ASA Vote	For

The framework and the FAR for the grant of performance rights are the same as last year with the exception that this year the threshold and stretch performance levels for the parcel 'B' component of the LTI are disclosed in the notice of meeting, where last year due to market uncertainty they hadn't been determined. This earnings per share threshold is 3% and the stretch is 9%.

The ASA prefers LTI to have a performance period of 4 and preferably 5 years. Ramsay has a 3 year period.

The ASA prefers a more rigorous scale for vesting on the TSR metric (parcel 'A').

Summary of ASA Position

The ASA supports the grant and will vote its proxies to support the motion.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY21	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	2.0859	26.7%	2.0859	25%
STI - Cash	1.043	13.3%	1.307	15.5%
STI - Equity	1.043	13.3%	1.307	15.5%
LTI	3.6503	46.6%	3.6503	44%
Total	7.822	100.0%	8.343	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.