



Fisher & Paykel Healthcare Corporation Limited

NOTICE OF ANNUAL SHAREHOLDERS' MEETING 2021

Fisher & Paykel
HEALTHCARE

The Annual Shareholders' Meeting of Fisher & Paykel Healthcare Corporation Limited (NZBN 9429040719887 and ABN 69 098 026 281) will be held online at www.virtualmeeting.co.nz/FPH21 and in person at the Newmarket Room, Ellerslie Event Centre, Auckland, New Zealand on Wednesday, 18 August 2021 commencing at 2.00pm (NZST).

COVID-19 IMPLICATIONS

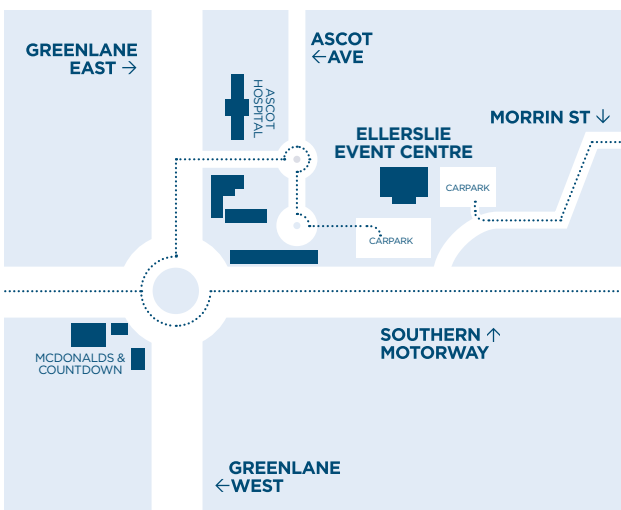
Health and safety is a top priority at Fisher & Paykel Healthcare, and the Company has a critical role to play as a manufacturer of healthcare products during the global pandemic. For that reason, COVID-19-related safety precautions will be in place at the in-person meeting, including mandatory masks and physical distancing. Attendees will be required to register their presence by signing in or using the New Zealand Government COVID-19 contact tracing application. These extra measures are consistent with our current on-site health and safety protocols at our New Zealand campus.

The Company is closely monitoring the situation in New Zealand with regard to COVID-19. In the event of any significant developments, the Company may, in its sole discretion, elect to hold the Annual Shareholders' Meeting as an online only meeting if it considers there are potential risks to the health of meeting attendees or if an in person meeting is prohibited by law. In such circumstances, the Company will provide shareholders with as much notice as is reasonably practicable by way of an announcement to the NZX and ASX and on the Company's website at www.fphcare.com/asm.

IMPORTANT DATES

Record date for voting entitlements for the Annual Shareholders' Meeting	5.00pm, Monday 16 August 2021 (NZST)
Latest time for receipt of postal votes and proxies	2.00pm, Monday 16 August 2021 (NZST)
Annual Shareholders' Meeting	2.00pm, Wednesday 18 August 2021 (NZST)

HOW TO GET TO THE ELLERSLIE EVENT CENTRE



BUSINESS

A. CHAIR'S ADDRESS

B. MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S REVIEW

C. FINANCIAL STATEMENTS

To receive and consider the financial statements and the auditor's report for the year ended 31 March 2021 as contained in the Company's 2021 annual report.

D. RESOLUTIONS

To consider and, if thought appropriate, pass the following ordinary resolutions.

Re-Election of Directors

- (1) That Scott St John be re-elected as a director of the Company.
- (2) That Sir Michael Daniell be re-elected as a director of the Company.

(See Explanatory Note 1)

Auditor's Remuneration

- (3) That the Directors be authorised to fix the fees and expenses of PwC as the Company's auditor.

(See Explanatory Note 2)

Long Term Variable Remuneration issued to the Managing Director and Chief Executive Officer

- (4) That approval be given for the issue of up to 60,000 performance share rights under the Fisher & Paykel Healthcare 2019 Performance Share Rights Plan to Lewis Gradon, Managing Director and Chief Executive Officer of the Company.
- (5) That approval be given for the issue of up to 190,000 options under the Fisher & Paykel Healthcare 2019 Share Option Plan to Lewis Gradon, Managing Director and Chief Executive Officer of the Company.

(See Explanatory Note 3)

SHAREHOLDER QUESTIONS

Consideration of any shareholder questions raised during the meeting.

By Order of the Board of Directors

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line and a flourish.

SCOTT ST JOHN, CHAIR

7 JULY 2021

PROCEDURAL NOTES

Persons entitled to vote

The persons who will be entitled to vote on the resolutions at the Annual Shareholders' Meeting are those persons who will be the shareholders of the Company at 5.00pm on Monday, 16 August 2021 (NZST).

Casting a vote

The voting form enclosed with this notice allows you, or your proxy, to vote either for or against, or abstain from, each of the resolutions. Votes may be cast in any one of the following ways:

Meeting attendance

Attending in person:

Shareholders present at the Annual Shareholders' Meeting in person may cast their votes at the meeting. Download the "LinkVote" App available at the App Store or Google Play Store to vote at the meeting using your Apple or Android phone. Further detailed instructions will be provided on the day of the meeting. Alternatively, if you prefer to vote using a paper card, this option will be available.

Attending online:

To attend the meeting online please go to **www.virtualmeeting.co.nz/FPH21**. Shareholders attending online will be able to vote and ask questions during the Annual Meeting. More information regarding virtual attendance at the Annual Meeting (including how to vote and ask questions virtually during the Meeting) is available in the Virtual Annual Meeting Online Portal Guide available at **<https://bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf>**.

Online and postal voting prior to the meeting

Shareholders may directly cast a vote prior to the meeting online at vote.linkmarketservices.com/FPH/ or by post by completing and lodging the enclosed voting form with the share registrar, Link Market Services Limited at PO Box 91976, Auckland 1142, New Zealand, in accordance with the instructions

set out on the form. In either case the vote must reach Link Market Services Limited not later than 48 hours before the time of the holding of the meeting (i.e. before 2.00pm on Monday, 16 August 2021 (NZST)). The Board has authorised Link Market Services to receive and count postal votes.

Proxy

Shareholders may appoint a proxy to attend the Annual Shareholders' Meeting and vote in their place.

A body corporate which is a shareholder may appoint a representative to attend on its behalf in the same manner as that in which it could appoint a proxy.

A proxy need not be a shareholder of the Company. A shareholder who wishes to do so may appoint the Chair of the Meeting to act as proxy.

A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions (subject to the comments under "Voting Restrictions" below). If the Chair is appointed as proxy and the voting is left to his discretion, the Chair intends to vote in favour of each of Resolutions (2) to (5). The Chair will abstain from voting on any discretionary proxies in respect of Resolution (1).

To appoint a proxy, go online to vote.linkmarketservices.com/FPH/ or complete and lodge the enclosed voting form with the share registrar, Link Market Services Limited, in accordance with the instructions set out on the form. In either case the proxy must be received not later than 48 hours before the time of the holding of the meeting (i.e. before 2.00pm on Monday, 16 August 2021 (NZST)).

Voting Restrictions

The Company will disregard any votes cast in favour of Resolutions (4) or (5) by Lewis Gradon and any of his associated persons (as that term is defined in the NZX Listing Rules).

The Company need not disregard a vote cast in favour of Resolutions (4) or (5) if it is cast by any of the above people as proxy for a person who is entitled to vote, in accordance with an express direction on the proxy form.

Resolutions

All the Resolutions contained in this Notice of Meeting must be passed by an ordinary resolution of shareholders, i.e. by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

NZX

This Notice of Meeting has been reviewed by NZX Limited (**NZX**) in accordance with NZX Listing Rule 7.1 and NZX has confirmed it does not object to this Notice. NZX does not take any responsibility for any statement in this Notice.

EXPLANATORY NOTES

EXPLANATORY NOTE 1 – RE-ELECTION OF DIRECTORS

Under NZX Listing Rule 2.7, a Director must not hold office (without re-election) past the third annual meeting following the Director's appointment or three years, whichever is the longer.

Scott St John and Sir Michael Daniell are the Directors retiring in 2021. Being eligible, both Scott St John and Sir Michael Daniell offer themselves for re-election.

Both Directors standing for re-election do so with the support of the Board, having considered the tenure, contribution to the Board, attendance, experience, other commitments and positions, and performance generally for each of Scott St John and Sir Michael Daniell.



Scott St John

Scott became a Director of the Company in October 2015. Scott is a director of Mercury Limited, the NEXT Foundation and Fonterra Cooperative Group Limited. Scott was Chief Executive Officer of First NZ Capital from 2002 to 2017. He is a member of Chartered Accountants Australia and New Zealand and a fellow of the Institute of Finance Professionals of New Zealand. Scott has a Bachelor of Commerce and a Diploma in Business.

Scott St John is considered by the Board to be an independent Director.



Sir Michael Daniell

Sir Michael became a Director of the Company in November 2001. Formerly, he was Managing Director and Chief Executive Officer of Fisher & Paykel Healthcare from November 2001 to March 2016. He was General Manager of Fisher & Paykel's medical division from 1990 to 2001 and previously held various technical management and product design roles within the company. Sir Michael is a member of the Council of the University of Auckland, a director of Cochlear Limited, Tait Limited and the Medical

Research Commercialisation Fund, and Chair of the Medical Technologies Centre of Research Excellence. He has a Bachelor of Engineering (Hons) and was named a Knight Companion of the New Zealand Order of Merit in June 2021.

The Board does not consider Sir Michael Daniell to be an independent Director given he was previously employed in an executive capacity by the Company.

EXPLANATORY NOTE 2 – AUDITOR'S REMUNERATION

Under section 207T of the Companies Act 1993, PwC is automatically reappointed as the auditor of the Company, and this resolution authorises the Board to fix the fees and expenses of the auditor in accordance with section 207S of the Companies Act 1993.

EXPLANATORY NOTE 3 – LONG TERM VARIABLE REMUNERATION ISSUED TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Introduction

The Board believes that the issue of equity-based long-term variable remuneration instruments (**LTVR Instruments**) will provide appropriate alignment of participating employees to grow the total shareholder return of the Company. LTVR Instruments also assist the Company to attract, motivate and retain key employees in an environment where such employees are in high demand, both within New Zealand and internationally. LTVR Instruments will be issued to employees as a long-term component of remuneration provided to employees in accordance with the Company's remuneration policy.

The Company currently operates the following long-term variable remuneration arrangements (the **LTVR Plans**) under which LTVR Instruments

will be issued to selected executives, managers and employees:

- The Fisher & Paykel Healthcare 2019 Performance Share Rights Plan (the **2019 Performance Share Rights Plan**), under which performance share rights are issued. This was introduced as a replacement for the previous Performance Share Rights Plan that was first introduced in 2012. Under the 2019 Performance Share Rights Plan, performance share rights vest and become exercisable for ordinary shares depending on the achievement of a designated total shareholder return hurdle.
- The Fisher & Paykel Healthcare 2019 Share Option Plan (the **2019 Option Plan**). This was introduced as a replacement for the 2003 Share Option Plan. Under the 2019 Option Plan, options are issued, which vest and become exercisable for ordinary shares depending on share price performance relative to a cost of capital benchmark.

Shareholder approval being sought

Shareholder approval is being sought:

- under resolution 4, to issue up to 60,000 performance share rights under the Performance Share Rights Plan; and
- under resolution 5, to issue up to 190,000 options under the Option Plan,

in each case to Lewis Gradon, the Managing Director and Chief Executive Officer of the Company. Mr Gradon is the only Director eligible to participate in new grants under the LTVR Plans. The Company intends to issue these LTVR Instruments to Mr Gradon within six months of the date of the Annual Shareholders' Meeting.

The following tables compare the number of LTVR Instruments proposed to be issued to Mr Gradon this year against the total maximum number proposed last year, as well as the total number of actual LTVR Instruments issued to Mr Gradon last year.

SHARE RIGHTS			OPTIONS	
2020		20201	2020	
Maximum Amount	Actual Amount Issued	Maximum Amount	Maximum Amount	Actual Amount Issued
60,000	22,178	60,000	190,000	69,931

The Company also intends to issue, pursuant to NZX Listing Rule 4.6, up to [1,750,000] LTVR Instruments in aggregate, to selected senior executives, managers and other employees of the Company and its subsidiaries. Together with the maximum number of LTVR Instruments proposed to be issued to Mr Gradon, the Company therefore intends to issue no more than a maximum aggregate of 2,000,000 LTVR Instruments to employees, including Mr Gradon, following the Annual Shareholders' Meeting. This maximum aggregate number equates to the issue of LTVR Instruments to acquire shares representing approximately 0.3% of the total ordinary shares on issue. If all 2,000,000 LTVR Instruments were exercised for shares, then shareholders would be diluted by this percentage amount. In 2020, the actual number of LTVR Instruments issued was 605,501.

The LTVR Instruments are proposed to be issued to Mr Gradon under NZX Listing Rule 4.6, which does not require shareholder approval of the issue, given Mr Gradon's participation has been determined by criteria applying to employees generally under the LTVR Plans. However, the Company has determined it will seek shareholder approval for the issue, consistent with its prior practice. If shareholders do not approve the proposed issue of LTVR Instruments to Mr Gradon, the Board will investigate alternative long-term variable remuneration arrangements for Mr Gradon.

Prior to the introduction of the 2019 Performance Share Rights Plan and the 2019 Option Plan, the Board instructed an independent advisor, PwC, to conduct a review of the LTVR Instruments, including whether the inclusion of re-testing provisions in the plans was

		LTVR INSTRUMENTS TOTAL		
	2021	2020		2021
	Maximum Amount	Maximum Amount	Actual Amount Issued	Maximum Amount
	190,000	250,000	92,109	250,000

appropriate. The PwC advice concluded that to completely remove the re-testing provisions in the LTVR Plans would reduce the grant date “fair value” of LTVR Instruments (confirmed by independent valuation advice from KPMG), reduce the probability of vesting while increasing the potential for employees to periodically earn excessive rewards when vesting occurred. Accordingly, PwC recommended that re-testing provisions be retained in the plans.

The Board agrees that the retention of re-testing provisions in the LTVR Plans is appropriate. Removing re-testing reduces fair value of the LTVR Instruments, and so increases the number of instruments granted to provide the same fair value total remuneration to employees. The Board agrees that this is likely to increase the short-term volatility in returns to employees. Consequently, the Board believes that the likely lower volatility of the current plans (including re-testing) provides a more appropriate balance between market-linked return to employees and the Company’s stated long-term approach to sustainable, profitable growth.

The LTVR Instruments are designed to retain the Company’s key employees over the long term and the quantum of the grant takes into consideration the likelihood of them being paid out.

A summary of the key terms of the Performance Share Rights Plan and Option Plan is set out on the pages that follow.

Key Terms of the 2019 Performance Share Rights Plan

The key terms of the 2019 Performance Share Rights Plan are:

- No amount is payable by a participant for the grant of performance share rights.
- One share right gives the participant the potential to exercise that performance share right for one ordinary share in the Company at no cost.
- Whether (and how many) performance share rights become exercisable will depend on the Company's gross total shareholder return (**TSR**) performance compared to the performance of the Dow Jones US Select Medical Equipment Total Return Index (**DJSMDQT**) in New Zealand dollars over the same period (the **Index return**).
- The Company's TSR will be calculated and compared against the Index return at the end of a "performance period" ending on the fifth anniversary of the grant of the performance share rights (the **Grant Date**) (the **PSR Performance Period**) and also at the end of performance periods ending on the third and fourth anniversaries of the Grant Date (the **Early Performance Periods**).
- Performance share rights will only become exercisable if the Company's TSR over the relevant performance period exceeds the Index return over the same period, measured in absolute terms. If, at the end of the PSR Performance Period, the Company's TSR performance over that period exceeds the Index return over the same period by less than 10%, measured in absolute terms, then between 50% and 100% of the performance share rights held by the participant, as determined on a straight-line basis by the Board, become exercisable. If the Company's TSR over the PSR Performance Period or either of the Early Performance Periods exceeds the Index return over the same period by 10% or more, measured in absolute terms, then all of the performance share rights will become exercisable as at the end of the relevant performance period.

- At the end of each performance period, the Company will advise each participant whether any of their performance share rights are exercisable depending on the above methodology and, if they are, the number of performance share rights which are exercisable.
- Exercisable performance share rights may only be exercised during the 20 business day period from the date that the participant is notified that the performance share rights have become exercisable following the end of the relevant performance period (excluding, at the Board's discretion, any days when trading restrictions apply to a participant) (the **Exercise Period**). Any exercisable performance share rights may be exercised by the participant at any time during the Exercise Period and will be deemed to be exercised at 4.59pm on the last day of the Exercise Period if they have not been exercised or surrendered by the participant before that time.
- If no performance share rights are exercisable because the Company's TSR over the performance period has not exceeded the Index return over the same period, the process is repeated at the end of the subsequent performance period.
- Unless otherwise determined by the Board, a participant's performance share rights will lapse on the first to occur of the following events:
 - the date of receipt by the Company of written notice from the participant surrendering their performance share rights;
 - 5.00 pm on the last day of the Exercise Period in respect of the PSR Performance Period;
 - in the case of performance share rights held by a participant who ceases to be employed because of serious illness, accident, permanent disablement, redundancy or death, in each case after the third anniversary of the date of grant of the performance share rights, the last date of the Exercise Period in respect of the next performance period following the date on which the participant ceases to be employed; and

- in the case of performance share rights held by a participant who ceases to be employed because of any other reason, the day on which that person ceases to be employed.
- Subject to any applicable Listing Rules, the Board is given discretion to adjust the terms of any performance share rights to achieve equivalent treatment as between the participants in the 2019 Performance Share Rights Plan and the shareholders in the event of a change in the capital structure of the Company.
- The Board is also given discretion to amend the terms of the 2019 Performance Share Rights Plan, or of performance share rights, in the case of a takeover or other change of control transaction in respect of the Company, so as to allow participants to participate in the benefit of that transaction.
- The Company may amend the terms of the 2019 Performance Share Rights Plan, subject to the consent of any adversely affected participant.
- Performance share rights are not transferable, other than to certain persons associated with an employee and approved by the Board, and do not participate in dividends or other distributions of the Company. Participants are not entitled to participate in new issues of the underlying securities (such as a rights issue or bonus issue) prior to exercising the performance share rights.
- Performance share rights will not be quoted on either the NZX Main Board or the ASX markets. So long as the Company remains listed on the NZX Main Board and/or the ASX markets, it is intended that the shares issued on exercise of performance share rights will be quoted on the NZX Main Board and/or the ASX markets (as applicable).
- Ordinary shares issued or transferred on the exercise of performance share rights will be fully paid and rank equally with all other ordinary shares in the Company except for dividends or other entitlements in respect of which the record date occurred prior to the date of issue or transfer of the relevant shares.

Key Terms of the 2019 Option Plan

The key terms of the 2019 Option Plan are:

- No amount is payable for the grant of options.
- One option gives the participant the right to subscribe at the exercise price for one ordinary share in the Company.
- An option may be exercised only if, on one of the dates referred to in the next paragraph, the company's volume weighted average share price on the NZX Main Board over the five business days before that date, exceeds the "Escalated Price" (described on the following page) on that date.
- The share price will be weighed against the Escalated Price at the end of a "Performance Period" ending on the fifth anniversary of the date of grant of an option ("**Grant Date**") and also at the end of periods ending on the third and fourth anniversaries of the Grant Date. If the share price exceeds the Escalated Price at any of those dates, options may be exercised during a period of 90 business days (excluding, at the Board's discretion, any days when trading restrictions apply to a participant) ("**Exercise Period**") after the Company advises the option holder that the options have become exercisable. If options have become exercisable, the holder of those options may exercise all or some of those options during an Exercise Period, but any options of that holder issued on the same Grant Date that are not exercised will be cancelled, and cannot be exercised in a later Exercise Period.
- Unless otherwise determined by the Board, options lapse on the holder ceasing to be employed by the Company or a subsidiary. If an option holder ceases to be employed by reason of serious illness, accident, permanent disablement, redundancy, or death after the third anniversary of the Grant Date, that holder's options remain in force until the end of the next Exercise Period after the date the holder ceases to be employed.

- The exercise price of options is the company's volume weighted average share price on the NZX Main Board over the five business days before the Grant Date.
- The Escalated Price is determined as follows:
 - As at each anniversary of the Grant Date of an option, a new "base price" will be calculated by:
 - increasing the last calculated base price (which, as at the first anniversary of the Grant Date, will be the exercise price of the option) by a percentage amount determined by the Board to represent the Company's cost of capital; and
 - reducing the resulting figure by the amount of any dividend paid by the Company in the 12-month period immediately preceding that anniversary.
 - The Escalated Price on any particular anniversary of the Grant Date will be the base price determined as at that anniversary of the Grant Date, determined in accordance with the above.
- The Board is given discretion to adjust the terms of any options (including the exercise price) to achieve equivalent treatment as between the participants in the 2019 Option Plan and the shareholders in the event of a change in the capital structure of the Company.
- The Board is also given discretion to amend the terms of the 2019 Option Plan or any options in the case of a takeover or other change of control transaction in respect of the Company, so as to allow option holders to participate in the benefit of that transaction.
- The Company may amend the terms of the 2019 Option Plan, subject to the consent of any adversely affected participant.
- Options are not transferable, other than to certain persons associated with an employee, and do not participate in dividends or other distributions of

the Company. Participants are not entitled to participate in new issues of the underlying securities (such as a rights issue or bonus issue) prior to exercising the options.

- Options will not be quoted on either the NZX Main Board or the ASX markets. So long as the Company remains listed on the NZX Main Board and/or the ASX markets, it is intended that the shares issued on exercise of options will be quoted on the NZX Main Board and/or the ASX markets (as applicable).
- Ordinary shares issued or transferred on the exercise of options will be fully paid and rank equally with all other ordinary shares in the Company except for dividends or other entitlements in respect of which the record date occurred prior to the date of issue or transfer of the relevant shares.
- The Cancellation Offer facility approved by shareholders at the 2004 Annual Shareholders' Meeting (which allows optionholders to cancel vested options in consideration for shares of a value equal to the gain that the optionholders would receive if they exercised their options) applies to the options granted under the 2019 Option Plan.

