

# Ansell



## PROTECTION & PERFORMANCE

Notice of Annual General Meeting  
2014

Notice is given that the Annual General Meeting of Ansell Limited will be held at the Park Hyatt, 1 Parliament Place, East Melbourne Victoria on Thursday 16 October 2014 at 2.00pm.

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# Notes

## Important note regarding proxies:

Certain categories of persons (including Directors and the Chairman of the Meeting) are prohibited from voting on resolutions relating to the remuneration of key management personnel, including as proxy, in some circumstances.

If you are appointing a proxy, to ensure that your vote counts, please read the instructions on the proxy form carefully.

1. On a poll, ordinary shareholders have one vote for every fully paid ordinary share held.
  2. A member entitled to attend and vote is entitled to appoint not more than two proxies.
  3. A proxy need not be a member of the Company.
  4. A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as your proxy, you must specify on the proxy form:
    - the full name of the body corporate appointed as proxy; and
    - the full name or title of the individual representative of the body corporate to attend the Meeting.
  5. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion or number of the member's voting rights and neither proxy is entitled to vote on a show of hands if more than one proxy attends. If it is desired to 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 of securities for each proxy.
  6. Proxy forms must be signed by a member or the member's attorney or, if a corporation, executed under seal or in accordance with section 127 of the *Corporations Act 2001* (Cth) (Corporations Act) or signed by an authorized officer or agent.
  7. Proxy forms (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or certified copy of the authority) must be returned using one of the methods below:
    - **In person**  
at the Registered Office  
– Ansell Limited: Level 3, 678 Victoria Street, Richmond, Victoria 3121 or the Share Registry – Computershare Investor Services Pty Ltd: Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067
    - **By mail**  
C/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001
    - **By facsimile**  
on 1800 783 447 (within Australia) or (61 3) 9473 2555 (outside Australia)
    - **Online at**  
[www.investorvote.com.au](http://www.investorvote.com.au)
    - **Online at**  
[www.intermediaryonline.com](http://www.intermediaryonline.com)  
(for Intermediary Online subscribers only)
- prior to 2.00pm (AEDT) on Tuesday, 14 October 2014.
8. The Board has determined, in accordance with the Company's Constitution and the Corporations Regulations, that a shareholder's voting entitlement at the meeting will be taken to be the entitlement of that person shown in the register of members as at 7.00pm (AEDT) on Tuesday, 14 October 2014.

# Business

## 1. Financial Report

To receive and consider the Financial Report and the reports of the Directors and the Auditor of the Company for the year ended 30 June 2014.

## 2. Re-election of Directors

To re-elect the following Directors:

- (a) Glenn L L Barnes who retires in accordance with Rule 33(c) of the Company's Constitution, and being eligible, offers himself for re-election as a Director.
- (b) L Dale Crandall who retires in accordance with Rule 33(c) of the Company's Constitution, and being eligible, offers himself for re-election as a Director.

Each re-election will be voted on as a separate ordinary resolution.

## 3. Grant of Performance Share Rights to the Chief Executive Officer

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

*'That approval be given for the grant of 225,986 Performance Share Rights to the Managing Director and Chief Executive Officer of the Company, Mr Magnus Nicolin, in accordance with the rules of the Company's long term incentive plan on the terms summarized in the Explanatory Notes to this Notice of Meeting.'*

## 4. Increase in the maximum aggregate remuneration of Non-executive Directors

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

*'That the maximum aggregate amount of remuneration which may be paid to Non-executive Directors for their services as Directors in any year for the purposes of Rule 35(a) of the Company's Constitution be increased from A\$1,450,000 to US\$1,600,000 per annum.'*

## 5. Remuneration Report (non-binding advisory vote)

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

*"To receive and adopt the Remuneration Report for the year ended 30 June 2014."*

The Remuneration Report is set out on pages 34 to 54 of the Company's Annual Report 2014.

## Voting exclusion statement – resolutions 3, 4 and 5

In accordance with ASX Listing Rules, the Company will disregard:

- any votes cast on resolution 3 by Mr Nicolin or by his associates; and
- any votes cast on resolution 4 by any Director or their associates.

In addition, the Corporations Act provides that a member of the Company's Key Management Personnel (**KMP**) as disclosed in the Remuneration Report (which includes the Directors and the Chairman) or a closely related party of that KMP, cannot cast a vote on resolutions 3 and 4 (in any capacity). However, such restrictions do not apply if the vote is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form specifying how the proxy is to vote; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Shareholders should note that the Chairman intends to vote any undirected proxies in favour of all resolutions.

By order of the Board,

**Alistair I Grant**  
Company Secretary  
Ansell Limited  
Melbourne, 12 September 2014

# Explanatory Notes to Shareholders

## Item 1 – Financial Report

In accordance with the Corporations Act, the Financial Report, Directors' and Auditor's Reports for the year ended 30 June 2014 will be put before the Annual General Meeting. These reports are contained within the Company's Annual Report 2014.

Shareholders can access a copy of the Annual Report on the Company's website at: [www.ansell.com](http://www.ansell.com). A printed copy of the Annual Report 2014 has been sent only to those shareholders who have elected to receive a printed copy.

There is no requirement for a formal resolution on this matter. Accordingly, there will be no formal resolution put to the meeting.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to raise questions on these reports or make comments on Company matters.

## Item 2 – Re-election of Directors

The following are the backgrounds of the Directors who are seeking re-election:



**Glenn L L Barnes BAg Sc (MELB), CPM, FAMI, FAIM, FAICD, SF Fin, FRSA**

Glenn Barnes was appointed a Non-executive Director in September 2005 and became Chairman of the Company in October 2012. He is presently a member of the Nomination Remuneration and Evaluation Committee.

Current Directorships: Chair of Australian Unity.

Mr Barnes has 20 years of governance experience in banking and financial services, business information, consumer goods and the not-for-profit sector. He was involved in the packaged goods, banking and financial services sectors for over 30 years, as an executive, business leader and Director in Australia, New Zealand, the United Kingdom, United States, Republic of Ireland, Japan and China.

Mr Barnes resides in Australia.



**L Dale Crandall MBA UC BERKELEY, CPA**

Dale Crandall was appointed to the Board as a Non-executive Director in November 2002. He is a member of the Audit and Compliance Committee, the Nomination Remuneration and Evaluation Committee and the Risk Committee.

Current Directorships: Director of Coventry Health Care Inc., and Bridgepoint Education Inc.

Mr Crandall has a background in accounting and finance and is a former Group Managing Partner for Southern California for Price Waterhouse. He was formerly President and Chief Operating Officer of Kaiser Foundation Health Plan and Hospitals in the United States.

Mr Crandall resides in the United States.

## Board recommendation

As part of its on-going performance review process, the Board has formally considered the contribution of Mr Barnes and Mr Crandall to the Board and its Committees. The Board (Mr Barnes and Mr Crandall abstaining) unanimously supports the re-election of Mr Barnes and Mr Crandall as Directors and recommends that shareholders vote in favour of these resolutions.

The Board considers Mr Barnes and Mr Crandall to be independent Directors.

## Item 3 – Grant of Performance Share Rights to the Chief Executive Officer

As shareholders are aware, in 2012 changes were made to the structure of the Company's Long Term Incentive Plan (LTIP) in order to more closely align senior executive 'at risk' remuneration with the creation of long-term shareholder value. The new LTIP for the Managing Director and Chief Executive Officer operates by way of a grant of performance share rights (Rights).

Accordingly, shareholder approval is sought for the grant of Rights to the Managing Director and Chief Executive Officer, Mr Magnus Nicolin, under the LTIP in accordance with ASX Listing Rule 10.14.

Approval is also sought under section 200B of the Corporations Act to allow for the Board to determine pro rata vesting of the Rights in the event of cessation of Mr Nicolin's employment in certain 'good leaver' circumstances (which would otherwise be deemed, and treated as, a termination benefit). The Board would not exercise this discretion should Mr Nicolin resign or be terminated for cause, in which event all unvested Rights would immediately lapse.

An overview of the details of the proposed grant is set out below.

<b>Number of Rights</b>	<p>Subject to shareholder approval, Mr Nicolin will be granted 225,986 Rights. Each Right entitles Mr Nicolin, upon vesting, to one fully paid ordinary share in the Company.</p> <p>The number of Rights granted was calculated by reference to the volume weighted average price of Ansell Limited shares on the ASX over a 90 day period to 14 August 2014.</p>
<b>Date of grant of Rights</b>	<p>If shareholder approval is obtained, the Rights will be granted to Mr Nicolin shortly after the Meeting, but in any event no later than 12 months after the Meeting.</p>
<b>Gateway and performance condition</b>	<p>The Plan includes both a 'gateway' condition, which must be satisfied before any Rights may vest, and a 'performance' condition, which will determine the level of vesting of the Rights.</p> <p>If either the 'gateway' condition or the threshold level of the performance condition is not satisfied, the Rights and cash awards will lapse.</p> <p>The 'gateway' condition to the LTI plan requires that Ansell's return on equity (<b>ROE</b>) as at 30 June 2017 must be at least 1.5 times the Company's Weighted Average Cost of Capital (<b>WACC</b>). ROE was chosen as a measure of the efficiency and productivity with which we use the capital entrusted to us by shareholders.</p> <p>The Board also confirmed the following Earnings Per Share (<b>EPS</b>) growth targets (CAGR – Compound Annual Growth Rate ) for this grant. These EPS growth targets are unchanged from those that applied last year:</p>
EPS growth	Rights that vest (%)
Threshold (7% per annum CAGR)	25
Between threshold and target	Sliding scale from 25 to 50
Target (8% per annum CAGR)	50
Between target and stretch	Sliding scale from 50 to 100
Stretch or above (12% per annum CAGR)	100
<b>Price payable on grant or vesting</b>	<p>No amount will be payable in respect of the grant or upon vesting of the Rights.</p>
<b>Trading restrictions</b>	<p>Shares allocated on vesting of Rights will not be subject to additional trading restrictions (aside from complying with the Company's Share Trading Policy).</p>
<b>Cessation of employment</b>	<p>In general, should Mr Nicolin cease employment before the Rights vest as a result of his resignation or termination in circumstances the Board determines as related to his performance, the Rights will lapse.</p> <p>In limited circumstances, including death, disability or termination by the Company for convenience, the Board may vest the Rights on a pro rata basis having regard to that part of the performance period elapsed at the time of ceasing employment and the performance of the Company against the performance condition for that year.</p>
<b>Other information (including for the purposes of section 200E of the Corporations Act)</b>	<p>Mr Nicolin is the only Director of the Company entitled to participate in the LTIP. Shareholder approval was obtained at the 2013 Annual General Meeting for a grant of 216,070 Performance Share Rights to Mr Nicolin. The rights were allocated at the Board meeting following the 2013 AGM.</p> <p>The value of any of the Rights that may vest on ceasing employment cannot currently be ascertained. The circumstances which will affect the calculation of this value include the fraction of the performance period that has elapsed at the time employment ceases (as the number of Rights to vest is determined with reference to the elapsed part of the performance period at that time) and performance against the performance condition at the time employment ceases.</p>

## Explanatory Notes to Shareholders continued

The Board believes that an equity based long-term incentive, in the form of performance share rights over Ansell shares, is an important component of executive remuneration to ensure an appropriate part of reward is linked to generating long-term returns for shareholders. To further strengthen the alignment of the interests of the Chief Executive Officer with value creation for shareholders the Board introduced share ownership guidelines in August 2013 that require the Chief Executive Officer and Senior Executives to build and maintain a minimum shareholding of Ansell shares. The Chief Executive Officer is required to build and maintain a shareholding equivalent to four times base salary within a 10 year period.

The approval being sought from shareholders relates to the fact that Ansell has elected to provide the long-term incentive in the form of equity rather than as cash. If shareholders do not approve the grant of Rights as a long-term incentive for the Chief Executive Officer, there are issues associated with the competitiveness of his total remuneration package, alignment of rewards with other senior executives and Ansell's contractual obligations to our Chief Executive Officer. In these circumstances, the Board would provide Mr Nicolin with an equivalent long-term cash incentive subject to the same performance conditions and performance period as described above.

### **Item 4 – Increase in the maximum aggregate remuneration of Non-executive Directors**

The Company is proposing to increase the aggregate fee pool payable to Non-executive Directors and to change the currency in which this pool is denominated from Australian dollars to US dollars.

The current maximum aggregate remuneration of Non-executive Directors is A\$1,450,000 per annum, which was approved by shareholders at the 2013 Annual General Meeting as required under Rule 35(a) of the Company's Constitution and ASX Listing Rule 10.17.

Directors are paid in their home country currency converted from an A\$ denominated fee structure. As indicated in the 2013 resolution, changes to fees and travel allowances increased the total actual Board remuneration to approximately A\$1,300,000 per annum based upon the then prevailing exchange rates. At current exchange rates and without adjustment to the underlying A\$ fees the total remuneration projected for FY2015 converts to a total approximating the A\$1,450,000 limit.

The Company is now seeking shareholder approval for an aggregate pool available to pay Non-executive Directors of US\$1,600,000. The reasons the Board seeks this increase and a change from A\$ to US\$ denomination include:

- To allow for future increases in fees if found appropriate from competitive market analysis;

- To provide future flexibility to increase the size of the Board, if and when considered necessary and appropriate, including for succession planning purposes and for changes in the Directors' time commitments;
- To enable payment of Directors in their home country currency converted from a US\$ denominated fee structure and provide sufficient headroom in the aggregate fee pool to address currency fluctuations;
- US\$ denominated fees and a US\$ based fee pool acknowledge the business operations are run from outside Australia and our reporting of operations in accounted for and communicated to investors in US\$;
- To attract and retain the best international Directors available to meet the demands, risk profile and complexity arising from the Company's geographically wide-spread operations and strategic focus on emerging markets. Currently our Directors reside in the United States, United Kingdom, Asia and Australia; and
- Travel allowances are provided because Board meetings are increasingly held at various key operations around the world. Non-executive Directors are required to travel internationally to attend those meetings and to familiarize themselves with our business to more effectively discharge their duties.

As each Non-executive Director has an interest in this matter, the Board does not believe it is appropriate to make a recommendation to shareholders in relation to voting on this Resolution.

## **Item 5 – Remuneration Report (non-binding advisory vote)**

Shareholders are asked to adopt the Company's Remuneration Report for the year ended 30 June 2014. The Remuneration Report is set out on pages 34 to 54 of the Company's Annual Report 2014.

Ansell's remuneration strategy is designed to provide a link between the achievement of the Company's strategic objectives and executive reward. It is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the Company's businesses and the creation of shareholder value.

The Remuneration Report sets out, in detail, the Company's policy for determining remuneration for Directors and Senior Executives. It includes information on the elements of remuneration that are performance based, the performance conditions that apply and the methodology used to assess the achievement of these performance conditions.

The vote on resolution 5 is advisory only, and does not bind the Directors or the Company. However, a reasonable opportunity for discussion of the Remuneration Report will be provided at the Annual General Meeting. The Nomination, Remuneration and Evaluation Committee will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

However, the Corporations Act now provides for a 'two strikes rule' in relation to voting on the Remuneration Report. In summary, the rule gives shareholders the opportunity to require a general meeting to be held to re-elect the Board if the Remuneration Report receives two 'strikes' (at least 25 per cent of the votes cast on the resolution are against adoption) at two consecutive annual general meetings. If more than 25 per cent of the votes cast are against adoption of the Remuneration Report this year, shareholders will not have the opportunity to require a general meeting to re-elect the Board this year, as the Company did not receive a 'strike' at the 2013 Annual General Meeting.

### **Board recommendation**

The Board unanimously recommends that shareholders vote in favour of this resolution.

**Ansell**

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