



2016 Notice of Annual General Meeting



How to get to One International Towers, Watermans Quay, Barangaroo

By car

The following parking stations will also be located nearby:

Wilson Parking - Barangaroo Reserve

Secure Parking - King Street Wharf

By Taxi

A taxi zone (drop-off/pick-up only) is located outside our entrance on Watermans Quay. There is also a taxi zone on Barangaroo Avenue (at the western end of Tower One).

The nearest taxi rank is currently on Shelley Street, near the Macquarie Group building.

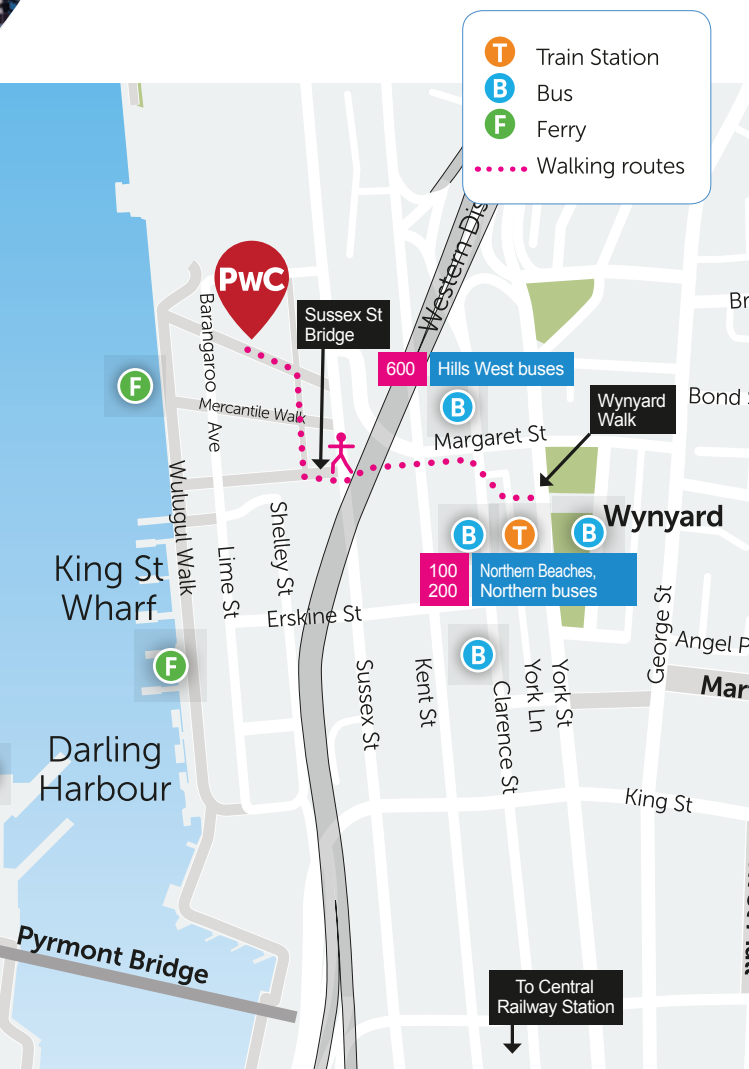
By Train

From Wynyard Station, follow the signs to Exit 4 and take the Wynyard Walk tunnel. Exit at Napoleon Plaza and turn right to walk over the Napoleon Bridge (crossing over Sussex Street). Take the escalator down to Shipwrights Walk - PwC can be found in One International Tower with entry on the right-hand side of Shipwrights Walk (past the Shirt Bar).

For those with limited mobility, you can take an elevator from the eastern end of Napoleon Bridge down to Sussex Street. Cross at the traffic lights and make your way up the ramp (under the escalator) to enter Shipwrights Walk.

By Bus

Bus services can take you directly to Barangaroo. Routes 311, 324 and 325 travel to Hickson Road from Town Hall. The Wynyard Bus Interchange is also a short walk away - arrive and depart from York, Clarence and Kent Streets, after a short walk along Margaret or Erskine Streets, or via the Wynyard Walk tunnel from Wynyard train station.



Chairman's message

Investing to Protect and Grow

2016 has seen InvoCare delivered a robust financial result through an unrelenting focus on its proven business strategy

InvoCare's operational strategy has enabled the Company to continue to grow in 2016 and deliver a strong set of financial results.

Operating earnings after tax grew by 11.9% to \$55.2 million. The key drivers of this growth were a continued focus on case average and efficient operations, along with some refinancing gains on the cost of debt. This was despite a lower than expected level of demand and a small dip in market share.

The operating EBITDA to cash conversion ratio of 104% led the Board to approve a fully franked final dividend of 25.5 cents per share. Total dividends for the year amounted to 42.5 cents per share, an increase of 11.8% on 2015. The dividends payout ratio is 85% (2015: 85%) of operating earnings after tax for 2016.

InvoCare announced its Protect and Grow strategy to the market in February 2017 which is an estimated \$200 million programme of works that will be implemented over the next four years. The intention of this programme is to focus on investing in our existing core assets, in our core markets, and setting the business up for success over the next 10 to 15 years. The programme is structured so that the Company can continue to achieve its primary financial objective of delivering year on year EPS growth of 10% with stretch targets of 12% and beyond, whilst also delivering historic levels of return on capital.

Board renewal has continued with Robyn Stubbs joining the Board with effect from 1 January 2017. Tina Clifton who has been on the Board since 2003 resigned in February 2017. On behalf of all shareholders and the Board I would like to pay tribute to Tina's commitment and her passionate focus on the development of InvoCare since 2003. Her positive contributions and good humour will be missed around the Board table.



On behalf of the Board and all shareholders I would like to express our appreciation to the InvoCare team for delivering another robust financial result and also for all the other contributions they made during 2016. The involvement of InvoCare staff in their local communities is a tribute to the team. As I have said before, the Board continues to be impressed by the professionalism, dedication and sense of vocation shown by the InvoCare team during its visits to various operational locations.

I look forward to InvoCare's continued growth and the ongoing success of the core business operations in Australia, New Zealand and Singapore as the Protect and Grow 2020 plan is implemented.

I encourage all shareholders to attend the Annual General Meeting to hear more about the 2016 results, receive an update on 2017 trading to date and hear about strategies for the future. Everyone who attends will have the opportunity to raise issues of interest or concern.

A handwritten signature in black ink that reads "Richard Fisher". The signature is written in a cursive, flowing style.

Richard Fisher
Chairman

Performance highlights

By continuing an unrelenting focus on the key strategies, operating earnings after tax have increased by 11.9% despite a modest 0.3% increase in the number of deaths

Operating earnings after tax

11.9% ▲

Operating earnings after tax increased to \$55 million

Dividends

11.8% ▲

Dividends for the year increased to 42.5 cents per share

Operating EBITDA

6.5% ▲

Operating EBITDA increased to \$112 million

Cash conversion ratio

104%

Strong cash conversion ratio with 104% of operating EBITDA converted to cash

Revenue from external customers (\$ million)



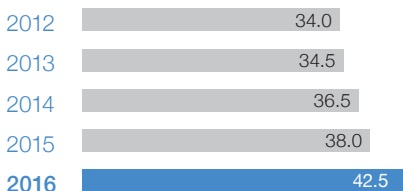
Operating EBITDA (\$ million)



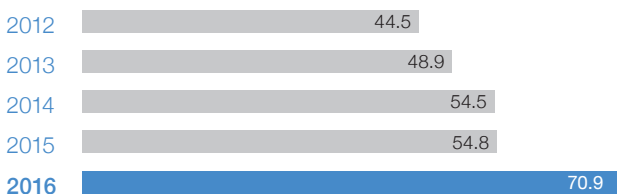
Operating earnings after tax (\$ million)



Ordinary dividends per share (cents per share)



Profit after tax attributable to members (\$ million)



InvoCare Limited Notice of Annual General Meeting

Ordinary business

Notice is hereby given that the Annual General Meeting of members of InvoCare Limited (Company) will be held at the offices of PricewaterhouseCoopers, One International Towers Sydney, Watermans Quay, Barangaroo, Sydney, New South Wales on Friday 19 May 2017 at 11.00am.

Item A – Financial reports

To receive and consider the Financial Report, Directors' Report and Independent Audit Report of the Company and its controlled entities for the year ended 31 December 2016.

Item B – Adoption of remuneration report

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

Resolution 1

“That the Remuneration Report (which forms part of the Directors' Report) for the year ended 31 December 2016 be adopted.”

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

Item C – Election of directors

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

Resolution 2

“That Richard Davis, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.”

Resolution 3

“That Robyn Stubbs, being a Director appointed by the Board since the last Annual General Meeting, and who retires in accordance with the Company's Constitution, be elected as a director of the Company.”

Item D – Approval of the grant of options and performance rights to Martin Earp for the 2017 financial year

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

Resolution 4

*“That approval be given, for the purposes of Rule 10.14 of the ASX Listing Rules, and for all other purposes, for the Company to grant to Mr Martin Earp, currently the Chief Executive Officer and Managing Director of the Company (**Mr Earp**), Options and Performance Rights to a value of \$520,695 for the 2017 financial year in accordance with the rules of the Performance Long Term Incentive Plan and as set out in the Explanatory Notes accompanying this Notice of Annual General Meeting.”*

Item E – Approval of potential termination benefits

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

Resolution 5

“That for a period of approximately three years commencing from the date this resolution is passed approval be given for all purposes, including Sections 200B and 200E of the Corporations Act 2001 (Cth), for the giving of benefits to any person who holds a managerial or executive office in the Company or a related body corporate, in connection with that person ceasing to hold that office or position, on the terms set out in the Explanatory Notes accompanying this Notice of Annual General Meeting.”

Explanatory Notes

Item A – Financial Reports

The Corporations Act requires the Financial Report (which includes the financial statements and Directors’ Declaration), the Directors’ Report and the Independent Audit Report of the Company to be laid before the Annual General Meeting.

There is no requirement either in the Corporations Act or in the Company’s Constitution for shareholders to approve the Financial Report, the Directors’ Report or the Independent Audit Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

Item B – Adoption of remuneration report

Resolution 1 – Adoption of remuneration report

In accordance with Section 250R(2) of the **Corporations Act**, the Remuneration Report is put to shareholders for adoption.

The Remuneration Report is set out on pages 30 to 41 inclusive of the 2016 Annual Report and is available on the Company's website at **www.invocare.com.au**

The vote on this resolution is advisory only and does not bind the directors or the Company. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

Voting Exclusion Statement

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any member of the key management personnel of the Company, details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member.

However, such a person described above may cast a vote on Resolution 1 if:

- a. the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- b. the person is the Chairman of the Meeting and the appointment of the Chairman as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

Item C – Election of directors

Resolution 2 – Re-election of Richard Davis

Richard Davis retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Qualifications of Richard Davis BEc

Richard Davis was appointed a Non-executive director of InvoCare Limited on 21 February 2012. He is currently Chairman of the People, Culture & Remuneration Committee and is a member of the Finance, Capital & Investment Committee and a member of the Nomination Committee. He is also currently serving as Chairman of Singapore Casket Company (Private) Limited, InvoCare's wholly owned subsidiary in Singapore.

Richard previously retired as InvoCare's Chief Executive Officer and Managing Director on 31 December 2008 after 20 years with InvoCare. For the majority of that time, he held the position of Chief Executive Officer and successfully initiated

and managed the growth of the business through a number of ownership changes and over 20 acquisitions, including Singapore Casket Company (Private) Limited, the Company's first international acquisition.

Prior to joining the funeral industry, Richard worked in venture capital and as an accounting partner of Bird Cameron.

Richard holds a Bachelor of Economics from the University of Sydney.

Independent director

The Board considers Richard Davis to be an independent director.

Recommendation

The Board has benefited from Richard Davis' extensive knowledge of the industry and general business skills.

The directors (with Richard Davis abstaining) recommend the shareholders vote in favour of Resolution 2.

Resolution 3 – Election of Robyn Stubbs

Robyn Stubbs being a Director appointed by the Board since the last Annual General Meeting retires in accordance with the Company's Constitution and, being eligible, offers herself for election.

Qualifications of Robyn Stubbs BBus MSc

Robyn Stubbs was appointed a director of InvoCare Limited on 1 January 2017. She is a member of the People, Culture & Remuneration Committee, a member of the Finance, Capital & Investment Committee and a member of the Nomination Committee.

Robyn has more than 25 years' experience in senior marketing, sales, leasing and broader management roles with large and complex organisations, including Stockland, Ten Network, Fairfax Media, Lend Lease and Unilever. She is a non-executive director of the responsible entity for ASX listed Aventus Retail Property Fund and is a Board Member of Lifeline Northern Beaches Incorporated.

Robyn holds a Bachelor of Business from the University of Technology Sydney, is a graduate of The Australian Institute of Company Directors and has completed an MSc in coaching psychology from the University of Sydney.

Material adverse information

The Board did not identify any material adverse information about Robyn Stubbs when it performed background and other checks prior to her appointment.

Independent director

The Board considers Robyn Stubbs to be an independent director.

Recommendation

The Board particularly relies on Robyn's skills and experience in relation to marketing and property, particularly relevant in relation to InvoCare's substantial numbers of brands and properties, as well as its digital strategies.

The directors (with Robyn Stubbs abstaining) recommend the shareholders vote in favour of Resolution 3.

Item D – Approval of the grant of options and performance rights to Martin Earp for the 2017 financial year

Resolution 4 - Approval of the grant of Options and Performance Rights to Martin Earp for the 2017 financial year

Resolution 4 seeks approval, for the purposes of Rule 10.14 of the ASX Listing Rules, and for all other purposes, of the grant of Options and Performance Rights in the 2017 financial year to the Chief Executive Officer and Managing Director, Mr Martin Earp, under the terms of the Performance Long Term Incentive Plan ('PLTIP').

Overview of CEO remuneration arrangements for 2017

Mr Earp was appointed as Chief Executive Officer and Managing Director of the Company on 1 May 2015. His remuneration package for the 2017 financial year has been set by the Board and its People, Culture & Remuneration Committee with the objectives of:

- aligning Mr Earp's interests with the interests of shareholders;
- ensuring that Mr Earp's remuneration is competitive and aligned with market remuneration; and
- encouraging the achievement of performance goals and continued growth of InvoCare's business and shareholder value.

Mr Earp's 2017 remuneration package totals \$1,834,582 comprising:

- Total fixed remuneration (i.e. annual base salary, superannuation and motor vehicle) of \$867,825 ('TFR');
- Short-term incentive ('STI') bonus of up to \$446,062, being 51.4% TFR; and
- Long term incentive ('LTI') award under the PLTIP to the value of \$520,695, being 60.0% of TFR.

Of the total package, 52.7% is 'at risk' and subject to the achievement of STI (24.3% of package) and LTI (28.4%) performance hurdles.

Reason for seeking shareholder approval

Under ASX Listing Rule 10.14, shareholder approval is required in order for a director to be issued securities under an employee incentive scheme. Accordingly, approval is sought for the grant of the options and Performance Rights to Mr Earp. If approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

Key features of the grant

A brief overview of the details of the proposed grants is set out below. Further details of Mr Earp's remuneration package and a summary of the operation of the Performance LTI Plan are set out in the Remuneration Report on pages 30 to 41 of the Annual Report.

a. Amount of grant

In accordance with Mr Earp's service agreement (**ME Service Agreement**) and the remuneration package approved by the Board of the Company for the 2017 financial year, Mr Earp is entitled to the grant of securities under the Performance LTI Plan equal to 60.0% (being \$520,695) of his total fixed remuneration which is \$867,825, including salary, superannuation and car. The 2017 grant is made up of 75% Options (total value \$390,521) and 25% Performance Rights (total value \$130,174).

The number of Options and Performance Rights issued (and therefore the maximum number which may be issued) will be determined by dividing the entitlement by the value of an option or right. Each Option and each Performance Right provides an entitlement to one InvoCare Limited share, subject to achievement of performance hurdles.

For the purpose of calculating the number of Options to be issued, the value of an Option will be determined by an independent actuary using a Black Scholes valuation methodology.

For the purpose of calculating the number of Performance Rights to be issued, the value of a Performance Right (the issue price) is \$14.06, determined by the VWAP of InvoCare shares traded in the first 10 business days of the trading window immediately following the release of InvoCare's full year results on 23 February 2017 which will result in Mr Earp receiving 9,258 Performance Rights. This is the maximum amount of Performance Rights Mr Earp can be issued pursuant to this resolution.

The Company's actuaries have determined the value of the Option to be \$2.93 with an exercise price of \$14.06 which will result in Mr Earp receiving 133,283 Options. This is the maximum amount of Options Mr Earp can be issued pursuant to this resolution.

Participants in the Performance LTI Plan are expected to be awarded Options and Performance Rights each February. They are valued (to determine the number to be issued) at the time of the grant, in the case of Options based on a Black Scholes methodology, and in the case of Performance Rights based on the trading window following the annual release by InvoCare of its results. Even though Mr Earp's Options and Performance Rights will not be issued until shareholder approval is granted in May, in order to ensure his alignment with other participants in the plan, the Options and Performance Rights issued to him are valued and will vest as if they were issued at the same time as other participants in the plan.

b. Vesting performance hurdles

The Options and Performance Rights will vest subject to achieving a minimum:

- o Return on Invested Capital ('ROIC') gateway target which must exceed the weighted average cost of capital ('WACC'); and
- o compound annual Earnings Per Share ('EPS') growth performance hurdles of at least 7%. Straight-line vesting will apply for performance between 7% (30% vesting) and 12% (100% vesting). Testing of one third tranches will occur in February of each of 2019, 2020, 2021 and, if required, 2022, following release of InvoCare's financial results for the preceding financial year.

Any Options and Performance Rights which do not vest by the fifth year after the grant in 2022 will lapse.

c. Vesting of Options and Performance Rights

Upon vesting of Options, Mr Earp may by payment of the exercise price for each Option at any time up until February 2027, be allocated one InvoCare share for each Option exercised, with the shares being either issued or purchased on market. No amount is payable by Mr Earp for the grant of Options. The exercise price will be \$14.06, being the value of an InvoCare share determined in the same manner and at the same time as the value of a Performance Right described above.

Upon vesting of Performance Rights, Mr Earp will be allocated one InvoCare share for each right, with the shares

being either issued or purchased on market. No amount is payable by Mr Earp for the grant, nor upon the vesting, of Performance Rights.

d. Restrictions on share trading

Any shares allocated following satisfaction of the performance hurdles and, in the case of Options, by payment of the exercise price, will not be subject to any trading restrictions other than those imposed by InvoCare's Share Trading Policy.

e. Cessation of employment

If Mr Earp ceases employment with the Company prior to satisfaction of the performance hurdles applicable to the Options and Performance Rights, then any entitlement he may have to the options and rights will depend on the circumstances of the cessation. In accordance with the ME Service Agreement and the rules of the Performance LTI Plan, all unvested Options and Performance Rights will lapse in the event of resignation before the end of the term of the ME Service Agreement (unless a Good Departure) or in the event of termination by the Company for cause. In circumstances where a termination is a Good Departure and subject to obtaining any required shareholder approval, the Board will allow unvested equity awards to continue on foot and vest subject to the original terms and performance conditions for the grant.

f. What is a Good Departure?

In these Explanatory Notes we will refer to a '**Good Departure**'. It means termination of employment by an executive due to:

- bona fide redundancy, death, retirement or total or permanent disablement;
- the non-renewal by the Company of a fixed term employment contract; or
- reasons determined by the Board to be unrelated to performance, which for example may include:
 - changing business or operational circumstances (such as where a role evolves to require a different set of skills to those possessed by an employee who has performed satisfactorily in his or her role); or
 - sudden, tragic, severe and unavoidable personal, family, health or other hardship issues experienced by the employee (for example, an employee is required as a personal carer or suffers severe stress).

Other information required under ASX Listing Rules

Mr Earp is the only director entitled to participate in the Performance LTI Plan and no other directors of the Company, or any of their associates, have received any securities under the Performance LTI Plan.

Other senior managers, who are not directors, of the Company are also entitled to participate in the plan if invited by the Board. No non-executive directors of the Company, or any of their associates, are entitled to participate in the Performance LTI Plan.

No loan will be provided to Mr Earp in connection with the grants or the exercise of vested Options.

If shareholder approval is obtained, the Options and Performance Rights will be granted to Mr Earp shortly after the Annual General Meeting, and in any event no later than three years after the Annual General Meeting. Following approval of the grant in respect of 2016 at the last Annual General Meeting Mr Earp received 10,617 Performance Rights at an issue price of \$12.98 and 160,313 Options at an issue price of \$2.40. He has been issued no other securities in that time.

The details of any securities issued under the Performance LTI Plan will be published in an annual report of the Company relating to a period in which securities have been issued, and a statement that approval for the issue of securities was obtained under Rule 10.14 of the ASX Listing Rules.

Any additional directors (or their associates) who become entitled to participate in the Performance LTI Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under Rule 10.14 of the ASX Listing Rules.

Recommendation

Mr Earp declares his personal interest in the grant of Options and Performance Rights under the Performance LTI Plan.

The directors (with Mr Earp abstaining) recommend that the shareholders vote in favour of this resolution.

Voting exclusion statement

The Company will disregard any votes cast on this resolution by Mr Earp, being the only director eligible to participate in the Performance LTI Plan, or any associate of Mr Earp.

However, the Company need not disregard a vote, if:

- a. it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- b. it is cast by the person chairing 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.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney.

Item E – Approval of potential termination benefits

Resolution 5 - Approval of Potential Termination Benefits

The Company proposes to introduce a termination benefits policy which permits the vesting of performance rights, options and other securities and benefits post-employment in circumstances where the individual executive's termination has been deemed to be a Good Departure. The rationale for this is to keep the deferred LTIP active so that executives are motivated to make decisions that will deliver long-term sustainable value for shareholders.

Why is shareholder approval being sought?

The Board seeks shareholder approval under sections 200B and 200E of the Corporations Act, so that termination benefits may be paid or provided to relevant executives without breach of the restrictions contained in the Corporations Act.

The approval is intended to enable InvoCare to operate its remuneration programs to support the InvoCare Group's strategy, as described in the Remuneration Report. The termination entitlements of the InvoCare Group's KMP are described in the Remuneration Report. The Board considered that the termination arrangements for KMP were fair and reasonable at the time that they were agreed and implemented, and believes that they continue to be fair and reasonable.

In some circumstances where a person ceases to hold an office or position of employment in InvoCare, his or her benefits will be within the payment limits or otherwise exempt from the termination benefits provisions under the Corporations Act. However, it is not possible to determine in advance the monetary value of the potential benefits that would be received by any particular executive at some point in the future.

The shareholder approval sought will cover the following benefits which Relevant Executives (defined below) may potentially receive under their contracts of employment with InvoCare companies:

- a. payment in lieu of notice of termination under individual executive contracts of employment;

- b. where a termination is for reasons including retirement, bona fide redundancy, death, total and permanent disablement, non-renewal of a fixed term contract or unavoidable personal circumstances (such as illness or tragedy), the opportunity to:
 - i. pay the cash component of short term incentive (STI) awards after termination; and
 - ii. have unvested long term incentive (LTI) equity awards remain on foot and be subject to performance conditions set out in the letter of offer and plan rules at the time of award; and
- c. superannuation benefits.

Shareholders are not being asked to approve any increase in the remuneration or benefits for Relevant Executives or any variations to the existing discretions of the Board and its Committees. No change to the underlying employment arrangements or individual entitlements is being proposed.

Impact of Corporations Act on termination benefits

Under section 200B of the Corporations Act, the Company must not give a person a benefit in connection with the person's retirement from an office, or position of employment, in a company or related body corporate if:

- the office or position is a managerial or executive office; or
- the person has, at any time during the last three years before his or her retirement, held a managerial or executive office in the company or related body corporate,

unless shareholder approval is obtained under section 200E of the Corporations Act for the giving of the benefit (or unless a specified exception applies).

A 'benefit' is defined broadly in the Corporations Act to include a payment or other valuable consideration. It also includes the accelerated or automatic vesting of share-based payments on or as a result of retirement from an office or position, a payment made in lieu of giving of notice of termination and a payment that is made as part of a restrictive covenant, restraint-of-trade clause or non-compete clause.

There are exceptions for the provision of certain kinds of benefits, such as statutory entitlements to accrued annual and long service leave and certain benefits within a monetary cap. This monetary cap is, in broad terms, equivalent to one year's annual average base salary of the relevant person over the period during which that person held a managerial or executive office (up to a period of three years).

If a termination benefit is given in excess of what is permitted under the Corporations Act, a breach of the Corporations Act

can occur even if the person receiving the benefit is entitled to the benefit under his or her contractual arrangements.

The Company does not pay retirement benefits to non-executive directors other than in accordance with the Company's statutory superannuation obligations. Accordingly this approval does not apply to non-executive directors.

Who does the approval relate to?

Approval is being sought in respect of any current or future executive who, at the time of his or her cessation from his or her office or employment, or at any time during the last three years before his or her cessation from his or her office or employment, held a managerial or executive office in a company in the InvoCare Group (**Relevant Executives**). These include persons having authority and responsibility for planning, directing and controlling the activities of the Company or its subsidiaries, directly or indirectly.

As at the date of this Explanatory Statement, the Relevant Executives include:

- the current KMPs of the Company who are executives and whose remuneration details are included in the Remuneration Report are:
 - Martin Earp, Managing Director and Chief Executive Officer;
 - Josée Lemoine, Chief Financial Officer from 8 September 2016;
 - Greg Bisset, Chief Operating Officer Australia;
 - Wee Leng Goh, Chief Executive Officer Singapore
 - Phillip Friery, Chief Financial Officer until 8 September 2016 and Company Secretary.
- Former KMP Graeme Rhind, Chief Operating Officer New Zealand until 1 January 2017, who therefore has held a 'managerial or executive office' in the Company at some time during the last three years.

Although the number will vary from time to time, the Company estimates that there are currently approximately six Relevant Executives for the purposes of this approval.

Remuneration framework

This section describes the key features of InvoCare's current remuneration framework to provide background for the retirement benefits which may be received by Relevant Executives.

InvoCare's remuneration structure has three components:

- base salary and benefits, including annual leave, superannuation and other incidental benefits;
- short-term incentives ('STI') in the form of annual cash bonuses based on achievement of pre-determined financial and non-financial targets; and
- long-term incentives ('LTI') in the form of equity awards of shares, rights or options, granted under LTI Plans. The awards granted will ordinarily vest or lapse based on performance and/or service hurdles over a period of four, but potentially up to five, years from the grant date.

Further details of InvoCare's remuneration framework are provided in the Remuneration Report.

Approval is sought for a three year period

If shareholder approval is obtained for this resolution, it will be effective for a period of approximately three years from the date the resolution is passed.

That is, shareholder approval will be effective:

- in relation to any equity granted under the LTI Plans; or
- if the Board (or its delegates) exercise certain discretions under the rules of the LTI Plan; or
- if a Relevant Executive ceases employment, during the period beginning at the conclusion of the Company's Annual General Meeting on 19 May 2017 and expiring at the conclusion of the Company's Annual General Meeting in 2020. If considered appropriate, the Board will seek a new approval from shareholders at the Company's Annual General Meeting in 2020.

It can be reasonably anticipated that aspects of relevant employment agreements and STI and LTI incentive plans will be amended from time to time in line with market practice, changing governance standards and to continue to encourage and reward performance that delivers continued success for InvoCare. Where relevant, these changes will be reported in the Company's future remuneration reports, forming part of the Company's future annual reports. However, it is intended that, despite any such amendments, this approval will remain valid for as long as these agreements and plans provide for the treatment on cessation of employment set out in this Notice of Meeting.

Details of termination benefits

This section describes the manner in which the amount or value of the potential termination benefits of Relevant Executives who hold a managerial or executive office are to be calculated and

the matters, events or circumstances that will, or are likely to, affect the calculation of the value of that benefit.

a. Payment in lieu of notice of termination

Notice of termination is a contractual entitlement provided for in each executive's employment contract. The required notice period for:

- the CEO is six months;
- KMPs other than the CEO from one to six months; and
- other executives varies between one and six months.

Where an executive is terminated as a consequence of his or her misconduct or serious or persistent breach of contract (termination for cause), InvoCare may terminate his or her employment immediately without notice or any payment in lieu of notice.

Notice of termination may be given by either the executive or InvoCare at any time. Regardless of which party gives notice, InvoCare has discretion to make a payment in lieu of all or part of the executive's notice period.

Payment will only be made in lieu of notice in appropriate circumstances. The amount of the payment in lieu of notice, if any, will be calculated on the executive's Total Fixed Remuneration ('**TFR**') (as at the termination date) for any part of the notice period the executive is not required to continue to be employed by InvoCare. The amount of these payments can only be determined once notice is given. Accordingly, the amount of any payment in lieu of notice cannot be ascertained as at the date of the Notice of Meeting as neither the period nor the particular executive's TFR at the termination date are currently known. However, in all cases the notice period will not exceed the contractual periods described above.

Key matters, events or circumstances which will, or are likely to affect the calculation of the payment in lieu of notice include:

- the executive's TFR at the time of termination which will be set on an annual basis following the executive's remuneration review and will be in accordance with InvoCare's remuneration policy (pay details for the KMP are disclosed in InvoCare's Remuneration Report);
- the length of the notice period for which payment is being made;
- who gave the notice of termination and the executive's future employment plans – for instance, an executive who presents a business risk by working through his or her notice period will most likely receive payment in lieu of notice; and

- whether InvoCare's operational requirements at the time notice is given require the executive to work through part or all of his or her notice period.

b. STI payments

As set out above, executives are entitled to receive an STI payment where they meet certain performance criteria.

The entitlements are forfeited if the executive resigns (not being retirement) or is dismissed for cause before the payment for the current or previous year falls due (normally in February after finalising InvoCare's financial statements for the previous year ending 31 December).

If an executive's employment is terminated for any reason other than resignation (not being retirement) or for cause (for example due to retirement, death, total and permanent disablement, and bona fide redundancy), at the discretion of the Board, a pro-rated portion of the executive's STI incentive opportunity may be paid, based on the portion of the performance year served and the bonus paid or payable in respect of the immediately preceding financial year.

Key matters, events or circumstances which will, or are likely, to affect the calculation of the STI payment include:

- the executive's TFR at the time of termination which will be set on an annual basis following the executive's remuneration review and will be in accordance with InvoCare's remuneration policy (pay details for the KMP are disclosed in InvoCare's Remuneration Report);
- the executive's seniority level, role, responsibilities and performance;
- the circumstances in which the executive leaves InvoCare;
- the achievement by the executive of relevant objectives;
- the executive's TFR which will be set on an annual basis following the executive's remuneration review and will be in accordance with InvoCare's remuneration policy;
- the executive's target STI opportunity for the relevant year which will be set each year by the Board in accordance with InvoCare's remuneration policy; and
- the proportion of the financial year served by the executive.

c. LTI payments

InvoCare grants equity rewards to its executives. Under the current LTI Plan, these grants comprise performance rights or options. Previously the awards were in shares or, in the case of overseas based executives, share appreciation rights. Further details are provided in InvoCare's Remuneration Report.

The aggregate value of equity rights or options granted to each executive is set by reference to TFR and is currently as follows:

	LTI amount as % of TFR
CEO	60
Other KMP and executives	Average 38

The Board may adjust executive's LTI amounts in the future having regard to other adjustments to LTI, STI and TFR.

Where an executive, who is a participant in the LTI Plans, leaves employment and it is not a Good Departure all unvested LTI entitlements will lapse on the date of cessation of employment. Where a participant in the LTI Plans leaves employment and it is a Good Departure, the unvested entitlements will continue on foot as though employment continues and vest subject to the original terms and performance conditions set out in the letter of offer and plan rules at the time of the award.

The vesting of unvested LTI awards may give rise to a termination benefit to which the Termination Benefit Provisions of the Corporations Act apply. The value of the benefit will depend on:

- the number of shares, rights or options held by the executive under LTI Plans;
- the number of shares, rights or options held by the executive which the Board determines will vest over future years (which in turn will depend on factors which may include the participant's performance, the length of time that has elapsed since granting of the awards and the extent to which the performance conditions are satisfied);
- the return on invested capital achieved by InvoCare;
- the annual earnings per InvoCare share; and
- the market price of InvoCare shares.

Key matters, events or circumstances which will, or are likely, to affect the calculation of the value of any LTI related retirement benefit include:

- the financial performance of InvoCare;
- the personal performance of the Relevant Executive each year; and
- the circumstances in which the executive leaves InvoCare.

It is possible that an executive may have participated in the InvoCare Exempt Employee Share Plan ('EESP' - providing tax advantages for purchases of InvoCare shares) prior to being appointed as an executive. Under that plan, an employee may

receive up to \$1,000 of InvoCare shares which are automatically released from the EESP on the earlier of three years from the date of acquisition or termination of employment for any reason.

d. Superannuation

InvoCare makes compulsory superannuation contributions required by law (currently 9.5% of ordinary time earnings, subject to the maximum contribution base which is indexed annually) on behalf of executives into complying funds, plus additional contributions by way of salary sacrifice as instructed by any executive. Currently InvoCare does not contribute more than the statutory contribution of an executive's base salary as an employer contribution, although executives may choose to salary sacrifice additional employer contributions.

The payment of superannuation benefits to Relevant Executive may be regarded as a retirement benefit payable in connection with the Relevant Executive ceasing to hold an office or position of employment in InvoCare, and thus the payment of those superannuation benefits may be subject to the approval requirements under the Termination Benefit Provisions of the Corporations Act.

The value of an executive's superannuation benefit on retirement (at least to the extent these are referable to InvoCare) will be equal to the superannuation contributions made by InvoCare to the executive's nominated superannuation fund plus, in relation to these contributions, any earnings and any capital growth or loss, less taxes and fees. The value of any such benefit cannot be ascertained as at the date of the Notice of Meeting.

Key matters, events or circumstances which will, or are likely to affect the value of superannuation benefits include:

- legal requirements regarding the minimum compulsory superannuation contributions which may increase over time;
- the executive's TFR which will be set on an annual basis following the executive's remuneration review and will be in accordance with InvoCare's remuneration policy;
- any voluntary salary sacrifice contributions made by the executive; and
- any earnings and capital growth or loss, less taxes and fees, on InvoCare's compulsory superannuation contributions.

If Resolution 5 is not passed

The Company will seek, as required under the Corporations Act, shareholder approval on a case by case basis for termination benefits if Resolution 5 is not passed.

Recommendation

The Directors, with Mr Earp abstaining as he has an interest in the resolution, recommend that shareholders vote in favour of this resolution.

Voting Exclusion Statement

Voting exclusions relating to Resolution 5 'Approval of Potential Termination Benefits'

A vote must not be cast on the resolution proposed:

- (in any capacity) by or on behalf of any person who may be entitled to receive a benefit in connection with that person's retirement from office or position of employment, the subject of Resolution 5, or an associate of such a person; or
- as a proxy by a KMP, or closely related party of a KMP,

unless the vote is cast as proxy for a person entitled to vote on Resolution 5:

- in accordance with a direction in the Proxy Form; or
- by the Chairman of the meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution 5 is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions and the Explanatory Notice:

The '**key management personnel for the InvoCare consolidated group**' (or '**KMP's**') are those persons having authority and responsibility for planning, directing and controlling the activities of the InvoCare consolidated group (the **InvoCare Group**) either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMPs during the year ended 31 December 2016 are listed in the Remuneration Report contained in the Directors' Report for the year ended 31 December 2016.

A '**closely related party**' of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the InvoCare Group; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the AGM under a power of attorney.

Other business

To transact any other business which may be lawfully brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board

Phillip Friery
Company Secretary

13 April 2017

Voting notes

How to vote

Shareholders may vote by:

- a. attending the meeting and voting either in person or by attorney or, in the case of corporate shareholders, by corporate representative; or
- b. by appointing a proxy to attend and vote on their behalf, using the enclosed proxy form.

Voting in person (or by attorney)

Shareholders and their attorneys who plan to attend the meeting are asked to arrive at the venue 60 minutes prior to the time designated for the meeting, if possible, so that their shareholding may be checked against the share register and attendances noted. It would also be appreciated if shareholders could bring with them their proxy form which contains a bar code to facilitate entry to the meeting hall. Attorneys should also bring with them original or certified copies of the power of attorney under which they have been authorised to attend and vote at the meeting.

In order to vote in person at the meeting, a person who is a shareholder may appoint an individual to act as his/her representative. The appointment must comply with the requirements of Section 250D of the *Corporations Act*. The representative should bring to the meeting evidence of his/her appointment, including any authority under which it is signed.

Voting by proxy

1. A member who is entitled to vote at the meeting may appoint:
 - a. one proxy if the member is only entitled to one vote; or
 - b. two proxies if the member is entitled to more than one vote.
2. Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one half of the votes, in which case any fraction of votes will be discarded.
3. A proxy need not be a member of the Company.
4. If you require an additional proxy form, please contact the InvoCare Share Registry on 1300 854 911, which will supply it on request.
5. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by InvoCare's Share Registry, Link Market Services Limited, **no later than Wednesday, 17 May 2017 at 11.00am (that is, at least 48 hours before the meeting). Proxies received after this time will not be accepted.** Instructions for completing the proxy form are outlined on the form, which may be returned by:
 - a. posting it in the reply paid envelope provided;
 - b. posting it to InvoCare Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
 - c. hand delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000;
 - d. faxing it to Link Market Services Limited on fax number (02) 9287 0309;
 - e. lodging it online at linkmarketservices.com.au in accordance with the instructions provided on the website. You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your proxy form online;
 - f. posting it to InvoCare's registered office, Level 2, 40 Miller Street, North Sydney NSW 2060; or
 - g. faxing it to InvoCare's registered office on fax number (02) 9978 5298.

6. Proxies given by corporate shareholders must be executed in accordance with their Constitutions, or signed by a duly authorised attorney.
7. A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as a proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote how he or she thinks fit.
8. The Constitution provides that where the appointment of a proxy has not identified the person who may exercise it, the appointment will be deemed to be given in favour of the Chairman of the meeting to which it relates or to such other person as the Board determines.
9. If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as a proxy for that shareholder, in favour of the item on a poll.

Shareholders who are entitled to vote

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that Shares quoted on ASX at 7pm on Wednesday 17 May 2017 are taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to vote (if not excluded) at the meeting.