

March 2021

Board Charter



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1. Constitution

The Board is constituted and empowered pursuant to the Constitution of the Company and the Corporations Act.

2. Overall Purpose

The principal purpose of the Board Charter is to record those functions reserved for the Board and those delegated by the Board to management. The Board Charter also sets out the composition and organisational functions of the Board.

3. Organisation

3.1 Membership

- 3.1.1 The composition of the Board is to be consistent with the principle of Medical Leadership, which has been a core strategy of the Company since 1993. The term 'Medical Leadership' denotes the recognition by the Company that Sonic Healthcare is, in essence, the aggregation of many professional medical practices. Whilst recognising and employing all of the diverse range of skills required to successfully manage the Company, the notion that the Company is most appropriately led by suitably qualified pathologists, radiologists, other medical practitioners and individuals who embrace Medical Leadership, and that decisions are taken with appropriate medical input, with a deep appreciation of doctors and healthcare professionals, and with a focus on patient care, are consistent with its provenance and undertaking.
- 3.1.2 The presence of pathologists, radiologists and other medical practitioners, in addition to a diverse mix of business skills, on the Board ensures that the Board has the capacity to understand complex medical issues and be in close touch with the medical environment. Their presence also generates trust and gives comfort to Sonic's own doctors, referring doctors and their patients (the Company's customers) and to owners of diagnostic practices that the Company seeks to acquire.
- 3.1.3 The Board has resolved that the position of Chair of the Board be held by an Independent, Non-executive Director.
- 3.1.4 The Board has also resolved that, in the view of the Board, length of tenure of itself does not change a Director's status from that of being an Independent Director.
- 3.1.5 The Board has resolved that the Managing Director of Sonic must be a medical doctor.
- 3.1.6 The size and composition of the Board is determined by the full Board acting on recommendations of the Remuneration and Nomination Committee, always subject to the requirements of the Company's constitution.
- 3.1.7 The Company's constitution requires that, at any time, the Board comprise no more than 12 and no fewer than three Directors.
- 3.1.8 Sonic's constitution also requires all Directors other than the Managing Director to offer themselves for re-election at an Annual General Meeting, such that they do not hold office without re-election for longer than three years.
- 3.1.9 Independence, as referred to above, complies with ASX Corporate Governance Council Recommendation 2.3.

3.2 Meetings

- 3.2.1 The Board will meet formally at least 6 times a year in order to consider a broad range of matters, including, but not limited to, strategy, company culture, financial performance reviews, capital management and acquisitions.
- 3.2.2 It is the preference of the Board that Directors attend meetings in person, although if more practical, certain meetings may be held by electronic means. If physical attendance is impractical, a Director may attend any meeting by electronic means.
- 3.2.3 Board papers will be provided to the Board approximately one week before each Board meeting.

3.3 Minutes

- 3.3.1 The draft minutes of each Board meeting are to be approved by the Chair.
- 3.3.2 A copy of the draft minutes, once they have been approved by the Chair, will be included in the papers for the next Board meeting.
- 3.3.3 The original approved Board minutes will be filed in the Company Register.
- 3.3.4 Minutes are not a verbatim recording of the meeting but accurately record the resolutions of the Board, key reasons for those decisions (where appropriate) and actions arising.
- 3.3.5 Minuted actions in the action statement will include accountabilities, performance expectations and the nature and timing of subsequent reporting.

3.4 Deeds of Access, Indemnity and Insurance

All Directors are party to a Deed of Access, Indemnity and Insurance with the Company under which the Company agrees to:

- 3.4.1 Indemnify and insure the Director against liabilities (and the costs of defending such liabilities) that arise out of the performance of their normal duties as Directors, unless the liability relates to conduct involving lack of good faith.
- 3.4.2 Provide access and the right to copy certain documents.

4. Roles and Responsibilities

4.1 Role of the Board of Directors

- 4.1.1 The Board of Directors is accountable to shareholders for the performance of the parent entity and the consolidated group, and is responsible for the culture, values and corporate governance practices of the group.
- 4.1.2 The Board's principal objective is to increase value for the company's stakeholders (including shareholders, staff and the community) in a sustainable manner while ensuring that the group's overall activities are managed in accordance with its culture and values.
- 4.1.3 Sonic's corporate governance practices underpin the structure enabling the Board's principal objective to be achieved, whilst ensuring that the business and affairs of the group are conducted ethically and in accordance with the law. In addition, Sonic's governance practices recognise that Sonic provides professional medical services and therefore Sonic should adhere to medical ethics and the Company's Code of Conduct, and value the importance of Sonic's commitment to Medical Leadership and the Sonic Medical Leadership Principles.

The Sonic Medical Leadership Principles are summarised as:

- Personalised service for doctors and patients
- Respect for our people
- Company conscience
- Operational excellence
- Professional and academic expertise

- 4.1.4 The Board's responsibilities include, but are not limited to:
 - demonstrating leadership at strategic and cultural levels
 - defining the group's purpose and setting its strategic objectives
 - approving the group's Core Values and Code Of Conduct to underpin the desired culture within the group
 - overseeing management in its implementation of the group's strategic objectives, instilling of the group's values and performance generally
 - approving operating budgets and major capital expenditure
 - appointing the Chair and, if required, identifying the senior Independent Director;
 - approving corporate strategies
 - overseeing the integrity of the group's accounting and corporate reporting systems, including the external audit
 - overseeing the group's process for making timely and balanced disclosure of all material information concerning the group that a reasonable person would expect to have a material effect on the price or value of the company's securities

- monitoring management, financial performance and reporting
- satisfying itself that the group has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate
- monitoring risks, including in relation to taxation governance and risk, and environmental risk
- overseeing the group's cyber-security, including data security and privacy requirements and the group's information security management system, which includes internal and external audits, testing and training
- human rights (including approval of the annual Modern Slavery Statement);
- ensuring the business is conducted ethically and transparently (including tax transparency)
- appointing, reviewing the performance of and, if required, removal of, the Managing Director;
- ratifying the appointment and, if required, the removal of the Finance Director and the Company Secretary
- monitoring performance of Directors
- ensuring appropriate resources are available for, and approving, monitoring the progress of, and reviewing outcomes relating to, major capital expenditure, capital management, and acquisitions and divestment activities
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board
- whenever required, challenging management and holding it to account
- satisfying itself that the group's remuneration policies are aligned with the group's purpose, values, strategic objectives and risk appetite
- monitoring the effectiveness of the group's governance practices
- ensuring succession planning exists for senior executives and Directors.

4.1.5 The Board delegates authority for operational management of the business to the Managing Director and, through them, to senior executives. The Managing Director is responsible for implementing the group's strategic objectives and instilling and reinforcing its values, all while operating within the values, code of conduct, budget and risk appetite set by the Board.

The senior executive team is responsible for providing the Board with accurate, timely and clear information on the group's operations to enable the Board to perform its responsibilities. This includes information about the financial performance of the group, as well as its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the group.

The Managing Director is responsible for remuneration policies relating to all staff other than themselves, the Finance Director and non-executive Directors. The Managing Director may seek guidance from the Remuneration and Nomination Committee of the Board.

4.1.6 The Board has constituted a number of Committees in order to support its review and decision making practices. The Committees make recommendations to the Board on all material issues within their Charters.

4.1.7 As part of its commitment to good corporate governance, the Board regularly reviews the practices and standards governing the Board's composition, independence and effectiveness, the accountability and compensation of Directors (and senior executives) and the Board's responsibility relating to its stewardship of the Company on behalf of the shareholders.

4.1.8 The Chair is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and management. The Chair is also responsible for approving Board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

4.1.9 In a situation where the Chair is conflicted or unavailable, the Board will identify the senior independent Director who will fulfil the role of the Chair as required by the circumstances.

4.2 Conflicts of interest of Directors

4.2.1 The Board has prepared and distributed to Directors guidelines dealing with disclosure of interests by Directors and participation and voting at Board meetings where any matters of such interest are discussed.

4.2.2 In accordance with the Corporations Act, any Director with a material interest in a matter being considered by the Board does not receive the relevant Board papers, must not be present when the matter is being considered, and may not vote on the matter.

4.3 Securities trading

4.3.1 Under Sonic's Securities Trading Policy, all Sonic employees, including Directors, are prohibited from buying or selling Sonic securities at any time after they are aware of any price sensitive information that is material and has not been made public. In addition, employees are reminded of the laws relating to 'insider trading'.

- 4.3.2 Certain 'Designated Officers', including all Directors and certain senior executives, are also prohibited from trading in periods other than in eight-week windows following the release of half-year and full-year results, a five-week window following the Annual General Meeting, and two-week periods following the provision to the market at any time by Sonic of definitive guidance regarding the next result to be released, subject always to 4.3.1.
- 4.3.3 In circumstances relating to financial hardship, exemption to this prohibition can be approved by the Chair (for other Directors), or the Managing Director (for all other Designated Officers).
- 4.3.4 Prohibitions also apply to financial instruments related to Sonic's securities and to trading in the securities of other entities, where such trading uses information obtained as a consequence of employment with Sonic.
- 4.3.5 Directors are required to obtain approval from the Chair (who will consult with executives where required to ensure no material, price sensitive confidential information exists) before trading in Sonic's securities, and to immediately notify the Company Secretary once a trade has been executed.
- 4.3.6 All Sonic share dealings by Directors are promptly notified to the ASX through the Company Secretary.

5. Independent professional advice and access to information

Each Director has the right to seek independent professional advice at the Company's expense if they judge such advice is necessary for them to discharge their responsibilities as Directors. However, prior approval of the Chair is required, which is not unreasonably withheld.

All Directors have unrestricted access to Company records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

6. Evaluating performance

The Board will evaluate its performance, on an annual basis, by undertaking the following activities:

- 6.1. The Chair will assess each Director separately and will discuss individual performance and ideas for improvement
- 6.2. Other Directors will provide feedback for the Chair
- 6.3. The Board as a whole will discuss and analyse its own performance during the year, including suggestions for change or improvement. This will include an assessment of the extent to which the Board has discharged its responsibilities as set out in this Charter.
- 6.4. As part of the annual evaluation process, the professional development needs of Directors will be reviewed.

7. Review of the Board Charter

The Board will review the Board Charter annually.