

Information for stakeholders

# Remuneration and Nomination Committee Charter

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## Constitution

The Sonic Healthcare Board of Directors has adopted the following terms of reference for the Sonic Healthcare Limited Remuneration and Nomination Committee ('the Committee').

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## Overall purpose

The purpose of the Committee is to:

- review and make recommendations to the Board on remuneration packages and policies applicable to the Managing Director and Finance Director and on equity based incentive schemes for other employees. The goal of the Committee is to ensure remuneration packages and policies are designed to meet the needs of the Company and to enhance corporate and individual performance to advance the interests of shareholders
- critically review the composition and effectiveness of the Board and Board sub-committees, and address the remuneration, recruitment, appointment and retirement and/or removal of Directors, recognising that the selection, appointment and review of qualified, effective Directors is essential to proper governance of the Company.

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## Authority and resources

The Board authorises the Committee, within the scope of its responsibilities, to:

- perform activities within its terms of reference
- engage independent counsel and other advisors, as it deems necessary to carry out its duties, at the Company's expense
- require the attendance of Company officers at meetings as appropriate
- have unrestricted access to members of management, employees and information it considers relevant
- interview, on behalf of the Board, candidates for Board positions.

Although the Committee may seek input from individuals on remuneration policies, no individual will be directly involved in deciding their own remuneration.

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## Organisation

### Membership

- The Board of Directors will nominate the Committee members and the Chairperson of the Committee.
- The Chairperson of the Committee is to be an independent, non-executive Director.
- The Committee will be comprised of at least three members.
- All members shall be independent, non-executive Directors.
- Each member should be capable of making a valuable contribution to the Committee.
- The Committee will appoint a Secretary.
- A quorum of any meeting will be a majority of the Committee at the date of the meeting. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- Members will be given the opportunity to attend relevant technical or professional development courses.
- Independence, as referred to above, is defined in the ASX Corporate Governance Council Recommendation 2.3.

## Meetings

- All Sonic Healthcare Directors are entitled to attend meetings. The Committee may invite such other persons to its meetings as required.
- Meetings shall be held as required and may be convened by any member of the Committee with no less than three working days' notice.
- Special meetings may be convened by any member of the Committee as required.
- Members of the Committee should use their best endeavours to attend every meeting of the Committee

## Minutes

- The draft minutes of each Committee meeting are to be approved by the Chairperson and circulated to all Committee members as soon as practicable but no later than the next Committee meeting at which the minutes of the meeting are to be confirmed.
- A copy of the draft Committee minutes, once they have been approved by the Chairman, will be included in the papers for the next Board meeting.
- Minutes are not a verbatim recording of the meeting, but accurately record the resolutions of the Committee, key reasons for those decisions (where appropriate) and actions arising.
- Minuted actions in the action statement will include accountabilities, performance expectations and the nature and timing of subsequent reporting.

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## Roles and responsibilities

The Committee will:

- review and make recommendations to the Board on remuneration and policies applicable to the Managing Director and Finance Director, with the objective of motivating them to pursue the long-term growth and success of the Company within an appropriate control framework. Policies developed are to demonstrate a clear relationship between performance (of the individual and the Company), shareholder outcomes and remuneration
- advise the Board on equity-based incentive schemes for employees
- ensure appropriate disclosure is provided to shareholders in relation to remuneration policies, including reviewing and recommending to the Board the annual remuneration report
- ensure the Board, management and the Committee itself are provided with sufficient information to ensure informed decision making
- ensure equity-based executive remuneration is made within plans approved by shareholders. Any future change to equity-based structures will require shareholder approval
- ensure Corporations Law requirements relating to the use of remuneration consultants are met
- review the Board and Board committee structure regularly. The Board has resolved that the position of Chairperson of the Board will be held by an independent Director, and that the positions of Chairperson and Managing Director will be held by different persons
- advise the Board on the recruitment, appointment and removal of Directors
- assess the necessary and desirable competencies of Directors and develop a plan to enhance competencies
- review Board succession plans
- review and make recommendations in relation to remuneration of non-executive Directors, noting that the Board has resolved that non-executive Directors are not entitled to any performance-based or equity-based remuneration
- recommend to the Board strategies on Board gender diversity and diversity in general, and regularly review these strategies.
- set measurable objectives annually for achieving gender diversity in the composition of the Board, senior executives and the workforce generally, and assess progress towards achieving those objectives.

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## Reporting responsibilities

The Committee will regularly update the Board about matters relevant to the Committee's role and responsibilities and make appropriate recommendations.

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## Evaluating performance

The Committee will:

- evaluate its performance on an annual basis. This will include an assessment of the extent to which the Committee has discharged its responsibilities as set out in this Charter. The results of this evaluation will be reported to the Board
- obtain feedback from the Board of Directors on the effectiveness of the Committee
- co-ordinate the annual review of the Board's performance, including performance reviews of the Board Committees.

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## Review of the Committee Charter

The Committee will review the Remuneration and Nomination Committee Charter annually and discuss any required changes with the Board and ensure that the Charter is approved or reapproved by the Board.