

# Nomination Committee

## Terms of Reference

### Purpose

To support and advise the Board in fulfilling its responsibility to shareholders in ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors of Cochlear Limited (**Cochlear**).

### Role

- Annually review the appropriate mix of skills, experience, knowledge and expertise (by reference to the Cochlear Board Skills Matrix **attached**), personal qualities, ability to exercise independent judgement (i.e. Independence (within the meaning set out below)) and diversity required to discharge the Board's duties and make any recommendations in relation to the same.
- Determine whether the requirements identified in the above review are satisfied by the then current composition of the Board. This assessment is completed annually and whenever an existing non-executive director retires.
- Recommend to the Chair of the Board ways in which the skills, experience, and expertise levels of existing directors can be enhanced through learning and continuing professional development.
- Recommend to the Board candidates the Committee considers appropriate for appointment or re-election to the Board having regard to the skills, experience, ability to exercise independent judgement (i.e. Independence) and expertise assessments completed.
- Arrange appropriate checks before recommending to the Board candidates for appointment to the Board, including checks as to the person's character, experience, education, criminal record and bankruptcy history.
- Recommend to the Board candidates the Committee considers appropriate for removal from the Board having regard to the skills, experience, ability to exercise independent judgement (i.e. Independence) and expertise assessments completed.
- Establish processes for:
  - a) the identification of suitable candidates for appointment or re-election to the Board and the selection procedures for appointment; and
  - b) the removal of non-performing directors.
- Ensure that an effective induction process for individual directors of the Board is in place, with regular reviews of its effectiveness.
- Establish and maintain the selection, appointment and succession planning process of Cochlear's CEO & President.

- Establish and maintain the process for the review of the performance of individual directors and the Board as a whole.
- Regularly review the time required from a non-executive director and whether the directors are meeting that requirement.
- Review any change in a non-executive director's interests, positions, associations or relationships that could bear upon the director's Independence.
- Assessing the Independence of directors in the event of any change in circumstances.

### **Policy and Procedure for Appointment or Re-election of Directors**

The Nomination Committee policy for the appointment or re-election of directors, as part of the broader selection and appointment procedure, looks to ensure that the potential appointee/electee best matches the needs of the Board.

Factors considered by the Nomination Committee when recommending a person for appointment or re-election as a director include:

- The time commitment required by a director to effectively discharge his or her duties to Cochlear;
- The number of existing directorships and other commitments that may demand the attention of the appointee;
- The nature of existing positions, directorships or other relationships and the impact that each may have on the appointee's ability to exercise an independent judgment. Independence is defined in the section below; and
- The extent to which the appointee/electee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

The procedure for the selection and appointment of new directors and (to the extent relevant) the nomination of directors for re-election is based on the Nomination Committee doing the following:

1. Assessing the needs of the Board and its current composition to ensure that there is a range of skills represented, including an understanding of:
  - the industry in which Cochlear operates;
  - the markets in which Cochlear operates;
  - specialist technical knowledge required; and
  - accounting, finance and legal matters.

The mix of skills and diversity that the Board is looking to achieve in its membership is set out in the Cochlear Board Skills Matrix (**attached**).

2. Where appropriate, engaging recruitment advisers to identify individuals with the skills and experience required by the Board;
3. Development of a short list of potential appointees taking into account, among other things, the particular skills and experience of each individual appointee and their ability to fit with the existing Board; and
4. Recommending to the Board the most appropriate persons from the short list of potential appointees to be invited to stand for selection as a director of Cochlear.

5. Arranging appropriate checks before recommending to the Board candidates for appointment to the Board, including checks as to the person's character, experience, education, criminal record and bankruptcy history. Where Cochlear wishes to make a provisional appointment of a director subject to receipt of satisfactory outstanding checks, the Committee shall obtain from the director an unequivocal undertaking to resign should Cochlear receive an outstanding check that it considers is not satisfactory.

## **Independence**

A director of Cochlear should only be characterised and described as an "independent" director if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of Cochlear and its security holders generally.

When determining the status of a director with regard to Independence, the Board should consider all relevant matters, including, whether the director:

- is, or has been, employed in an executive capacity by Cochlear or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with Cochlear or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, Cochlear;
- is, represents, or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of Cochlear for such a period that his or her independence may have been compromised including specifically (but without limitation) whether, by reason of having served more than ten years as a Board member, a director has become too close to Management or substantial shareholders to be considered independent.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Cochlear and its security holders generally.

If the Nomination Committee determines that a non-executive director's status as an Independent director has changed, Cochlear will disclose and explain the determination to the market in a timely manner.

The Nomination Committee should regularly assess the Independence of each director. The assessment will be made at least annually at or around the time that the Committee considers candidates for election to the Board. In addition, if the interests, positions, associations and relationship of a non-executive director change, the Nomination Committee should assess the director's Independence as soon as practicable after the Nomination Committee becomes aware of the change.

## **Membership**

The Chair of the Board (who must be an Independent director) shall be the Chair of the Nomination Committee. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number (who is an Independent director) as Chair for that meeting. In addition, the members of the Nomination Committee

shall appoint a separate Chair (who is an Independent director) when dealing with the appointment of a successor to the Chair of the Board.

The Nomination Committee shall comprise not less than three members, a majority of whom must be Independent directors. Ordinarily, the Committee shall consist of the full Board of Cochlear Limited, excluding the Executive Directors.

### **Meetings**

The Committee shall meet annually, unless otherwise required.

Any Committee member may call a meeting of the Committee.

The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.

### **Reporting**

Copies of the Nomination Committee meeting minutes shall be circulated to all Directors.

The Chair of the Nomination Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting.

### **Attendance at Meetings**

A quorum will comprise any two Independent director Committee members.

Each member shall have one vote and the Chair of the Committee shall not have a second or casting vote.

### **Authority**

The Committee has the authority to:

- obtain independent professional or other advice in the fulfilment of its duties at the expense of Cochlear; and
- obtain such resources and information from Cochlear in the fulfilment of its duties as it may reasonably require.

### **Review of Committee Performance**

The Committee will annually review its performance and make recommendations to the Board for improving the effectiveness of the Committee.

## **Current Membership**

Chair:	Ms Alison Deans
Non-Executive Directors:	Ms Yasmin Allen
	Mr Glen Boreham, AM
	Sir Michael Daniell, KNZM
	Mr Michael del Prado
	Mr Andrew Denver
	Ms Christine McLoughlin, AM
	Prof Bruce Robinson, AC
Secretary:	Mr Ray Jarman

## **Attachment**

Cochlear Board Skills Matrix

Last Updated: 1 January 2022

## Cochlear Board Skills Matrix

Skills	Criteria
<b>MEDICAL DEVICE INDUSTRY</b> Capability to oversee product commercialisation by applying a deep understanding of the medical device industry.	<ul style="list-style-type: none"> <li>Professional, senior executive or equivalent experience in medical device product development and commercialisation including experience managing product design, manufacturing operations, quality systems and detailed knowledge of markets, customers, competition and regulatory environment in medical device industry.</li> </ul>
<b>HEALTHCARE INDUSTRY</b> Competency in the healthcare industry and international health systems. Ability to influence public policy development in healthcare.	<ul style="list-style-type: none"> <li>Professional, senior executive or equivalent experience in a large organisation in the healthcare industry with a focus on the provision of products and/or services to treat patients with curative, preventative and rehabilitative care.</li> <li>Experience interacting with government or regulatory bodies, including making submissions on public policy objectives and outcomes in healthcare.</li> </ul>
<b>RESEARCH AND DEVELOPMENT</b> Ability to develop product innovation to drive long-term business growth through strategic investment in research and development activities.	<ul style="list-style-type: none"> <li>Experience leading the research and development or product development function of a large organisation.</li> <li>Experience overseeing capital investment in product research and development activities.</li> <li>Experience leading clinical research and development projects.</li> </ul>
<b>TECHNOLOGY AND DIGITAL EXPERTISE</b> Ability to leverage new technologies, innovation processes and digital services to drive innovation and grow a services business and respond to technology/digital disruption.	<ul style="list-style-type: none"> <li>Experience working in a company with a major focus on technology and innovation.</li> <li>Experience overseeing the development and commercialisation of technology, innovation processes and/or digital services to drive innovation and grow a services business.</li> <li>Experience in the use and governance of critical information technology infrastructure and applications.</li> </ul>
<b>STRATEGY</b> Ability to develop and implement successful strategies.	<ul style="list-style-type: none"> <li>Director, senior executive or equivalent experience in developing and implementing organisational strategy.</li> <li>Experience:               <ul style="list-style-type: none"> <li>setting a strategic direction for a business;</li> <li>driving organic growth in a large organisation;</li> <li>executing against a clear strategy; and</li> <li>overseeing management to ensure strategic objectives are delivered.</li> </ul> </li> </ul>
<b>GLOBAL EXPERIENCE</b> Ability to manage and oversee an organisation's business and strategic objectives from an international perspective.	<ul style="list-style-type: none"> <li>Senior executive or equivalent experience working in different countries in large organisations with significant international operations.</li> <li>Experience dealing in emerging markets, including in the Asia-Pacific region.</li> <li>Senior executive exposure to a range of political, cultural, regulatory and business environments.</li> </ul>
<b>HUMAN RESOURCES</b> Understanding of remuneration practices and frameworks. Ability to attract talent, oversee talent management and retention initiatives and develop succession plans.	<ul style="list-style-type: none"> <li>Board remuneration committee membership or management experience in relation to remuneration, including incentive programs, superannuation and the legislation and contractual framework governing remuneration.</li> <li>Experience overseeing:               <ul style="list-style-type: none"> <li>key talent attraction, motivation, development, retention and succession planning; and</li> <li>the management of workplace health and safety risks.</li> </ul> </li> </ul>

Skills	Criteria
<b>FINANCIAL ACUMEN</b> Ability to understand and analyse financial statements to assess financial performance and probe the adequacies of internal financial and risk controls.	<ul style="list-style-type: none"> <li>• Qualifications in accounting and finance and/or board audit/risk committee, senior executive or equivalent experience in financial accounting and reporting, capital markets, corporate finance, financial risk management and internal financial controls.</li> <li>• Experience implementing or overseeing financial accounting, reporting and internal controls.</li> </ul>
<b>PUBLIC POLICY AND REGULATORY AFFAIRS</b> Ability to manage the implications of public and regulatory policy on product development and commercialisation. Ability to influence public policy development.	<ul style="list-style-type: none"> <li>• Experience at a senior executive or equivalent level in public and regulatory policy, including knowledge of how it affects corporations and implications for product development and commercialisation.</li> <li>• Experience interacting with government or regulatory bodies, including making submissions on public policy objectives and outcomes.</li> </ul>
<b>RISK MANAGEMENT</b> Ability to identify and manage key risks to an organisation to ensure the delivery of long-term value to shareholders.	<ul style="list-style-type: none"> <li>• Senior executive or equivalent experience identifying and managing risk and monitoring the effectiveness of risk management frameworks and internal controls.</li> <li>• Knowledge of contemporary risk management practices.</li> </ul>
<b>GOVERNANCE</b> Commitment to the highest standards of governance. Ability to assess the effectiveness of process and procedures, and to manage legal, compliance and reputational risks.	<ul style="list-style-type: none"> <li>• Experience working in a listed organisation which is subject to rigorous governance standards.</li> <li>• Experience establishing and overseeing governance frameworks, policies and processes.</li> <li>• Knowledge and understanding of key governance issues and reputational risks for a listed organisation.</li> </ul>
<b>ORGANISATIONAL CULTURE</b> Ability to set and oversee corporate culture ('tone from the top') and promote diversity and inclusion in the workplace.	<ul style="list-style-type: none"> <li>• Experience setting and communicating organisational culture, including implementing or advising on cultural or organisational change initiatives, within a large organisation.</li> <li>• Understanding the connection between corporate strategy, business performance, desired behaviours, long-term sustainability, and remuneration policy.</li> <li>• Experience overseeing: <ul style="list-style-type: none"> <li>• the promotion of diversity and inclusion in a large organisation; and</li> <li>• environmental, social responsibility and community programs in a large organisation.</li> </ul> </li> </ul>