

# People and Culture Committee

## Terms of Reference & Calendar of Agenda Items

### Purpose

The primary objectives of the People & Culture Committee (the Committee) are to assist the Board to discharge its responsibilities by reviewing the practices, processes, systems and outcomes in the following areas:

- Company values and behaviours;
- Organisational culture, talent management, remuneration, work, health and safety and leadership development;
- Setting and reviewing (and referring to the Board for approval, where required) remuneration levels of the Chair, non-executive directors, executive directors, direct reports to the Chief Executive Officer and President (CEO&P), Board Committees and the Board as a whole; and
- Compliance with legal and regulatory requirements relevant to People & Culture (including those guidelines of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th edition) that relate to People & Culture, in particular Recommendation 1.5 related to Diversity and Recommendations 8.1-8.3 related to Remuneration).

### Membership

- The Committee shall be comprised of at least three directors.
- All members shall be Independent non-executive directors (within the meaning set out in the Nomination Committee Terms of Reference).
- The CEO&P, other non-committee members, including members of management may attend all or part of a meeting at the Committee's discretion, where their special knowledge and/or expertise can make a material contribution to the discussion
- External experts may attend meetings at the Committee's discretion.

### Chair

- The Chair of the Committee shall be an Independent non-executive director and shall be a member of the Audit and Risk Committee.
- The Chair of the Committee is responsible for planning and conducting meetings.
- The Chair of the Committee shall report significant findings and recommendations of the Committee to the Board after each Committee meeting.

### Secretary

- The Senior Vice President Global People & Culture shall be appointed Secretary of the Committee.
- The Secretary, in conjunction with the Chair, shall draw up meeting agendas, which shall be circulated to the members of the Committee.

## Meetings

- Meetings shall be held at least three times a year.
- A quorum of the meeting shall be a minimum of two.
- The minutes of all Committee meetings shall be circulated to members of the Board.
- The Chair will call a meeting of the Committee if so requested by any Committee member.

## Authority

- The Committee shall have the authority to seek any information it requires from any officer, employee, consultant or contractor of Cochlear or its controlled entities and such officers, employees, consultants or contractors shall be instructed by the Board to respond to such enquiries.
- The Committee is authorised to take such independent professional or other advice in the fulfillment of its duties at the expense of Cochlear.
- The Committee has executive powers with regards to its responsibilities which have been delegated to it under its Terms of Reference.

## Responsibilities

The responsibilities of the Committee shall include, but are not limited to the following:

- **Organisational Culture:** reviewing and monitoring the strategies, activities and status of key levers which shape culture (such as, but not limited to, engagement survey results and implementation), ensuring Management foster a healthy culture that promotes legal, ethical and responsible behaviour, aligned with achieving long term strategic goals;
- **Talent Management:** overseeing the development, maintenance and monitoring of appropriate talent management policies, programs and procedures including talent development and assessment, succession planning, workforce planning, performance goal setting and feedback, employee engagement, resourcing, recruitment, development, remuneration, retention, redundancy and termination and ensuring adequate reporting to assess/monitor implementation of those policies and procedures;
- **Remuneration Strategy & Framework:** developing, recommending to the Board and overseeing the implementation of remuneration policies to ensure alignment with Cochlear's purpose, values, strategic objectives and risk appetite. This includes fixed remuneration and performance based remuneration incentive programs such as bonus schemes, short term and long term incentive plans and Cochlear share schemes for all Cochlear employees (including for the CEO&P and senior executives (i.e., Band 1 employees);
- **Performance and Remuneration Review – CEO&P:** setting performance objectives and conducting performance reviews in respect of the CEO&P and determining appropriate remuneration, in relation to both amount and composition, which will be led by the Committee and referred to the Board for discussion and approval;
- **Performance and Remuneration Review – Senior Executives:** overseeing the setting of performance objectives and the conduct of performance reviews for senior executives (i.e., Band 1 employees) and reviewing and approving remuneration, in relation to both amount and composition (on recommendation of the CEO&P, and referred to the Board for discussion on performance);

- **Remuneration – Board:** making recommendations to the Board on appropriate remuneration, in relation to both amount and composition, for the Chair and non-executive directors;
- **Performance and Remuneration Review – General Employees:** overseeing the setting of performance objectives, review of results of performance reviews and making recommendations for remuneration;
- **Equity plans:** overseeing the administration of Cochlear equity plans (except with regards to the grant of equity which will be referred to the Board for approval);
- **NED and Executive Share Ownership:** monitoring compliance by non-executive directors, the CEO&P and senior executives (i.e., Band 1 employees) with the Share Ownership Policy;
- **Remuneration Disclosure Objectives:** developing remuneration related disclosure objectives for Cochlear and ensuring that publicly disclosed information meets those objectives, all legal requirements and is accurate;
- **Diversity & inclusion:** developing and recommending to the Board, the Diversity Policy and monitoring the implementation of the policy and objectives to ensure compliance with ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations* (4<sup>th</sup> edition); and
- **Work, Health and Safety:** developing and recommending to the Board, Workplace Health and Safety metrics and initiatives to ensure a safe working environment at Cochlear.

### Review of Committee Terms of Reference

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

Any changes to its Terms of Reference must be approved by the Board.

### Review of Committee Performance

The Committee will annually assess the capabilities of the Committee to discharge its responsibilities, review its performance and make recommendations to the Board for improving the effectiveness of the Committee.

### Current Membership

Chair:	Ms Christine McLoughlin, AM
Non-Executive Directors:	Mr Michael del Prado
	Mr Glen Boreham, AM
	Ms Karen Penrose
Secretary:	Ms Jennifer Hornery

Last Updated: 31 March 2024

**The typical annual cycle for the Committee is as follows:**

July/August	December	February	May/June
<ul style="list-style-type: none"> <li>• Full year Performance and remuneration review</li> <li>• Employee Equity Plan Offers</li> <li>• Annual Remuneration Report Disclosure</li> <li>• NED Fee Review</li> <li>• Share Ownership Policy Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Development &amp; Succession</li> <li>• Organisational Culture</li> <li>• Diversity &amp; Inclusion</li> <li>• Engagement</li> <li>• Committee Terms of Reference</li> <li>• Committee Performance</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration Framework</li> <li>• Executive Team Performance</li> <li>• Work, Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• STI pool and LTI performance update</li> <li>• Share Ownership Policy Compliance - progress</li> <li>• Draft Annual Remuneration Report</li> <li>• Strategic Capabilities</li> </ul>

**July/August:**

- For the CEO&P and other senior executives (Band 1):
  - Review Fixed Remuneration in the context of experience, performance and market data with CEO & President remuneration recommended to the Board for approval
  - Review remuneration mix for forthcoming year and hence target amounts for STI and LTI and referring the granting of equity to the Board for approval
  - Establish performance targets for the forthcoming year
  - Review performance for the closing year, and subsequent remuneration awards
  - Review vesting of long term incentives
- For the Group:
  - Review distribution of performance ratings
  - Review summary of total remuneration review, cost versus budget and market positioning
  - Review analysis of gender pay equity
- Approve final STI pool for distribution at year end
- Equity offers for the coming year and refer to the Board for approval
- Finalise the annual Remuneration Report
- NED fee review and recommendation to the Board for approval
- Review compliance with Share Ownership Policy

**December:**

- Review talent pipeline and succession planning for Band 1 roles
- Review progress towards building Cochlear's desired organisational culture
- Review progress against diversity strategy and previous year's measurable objectives and review proposed initiatives for the forthcoming year
- Review Employee Engagement results
- Review any recommendations for changes to the Remuneration Framework
- Review Committee Terms of Reference, and review performance/efficiency of the Committee

**February:**

- Review any recommendations for changes to the Remuneration Framework
- Review Band 1 performance
- Review annual update, and consider any proposed initiatives for Workplace Health and Safety

**May/June:**

- Review provisional STI outcomes for performance year and LTI performance update
- Review progress against Share Ownership Policy
- Review any changes to format of the annual Remuneration Report