

Information for stakeholders

Risk Management 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 Risk Management Committee.

Overall Purpose

The Risk Management Committee will:

- Assist the board in its oversight responsibilities by monitoring and advising on:
 - The management of all material risks, including but not limited to:
 - business risks, including financial, tax and strategic risks
 - reputation risks, including in relation to Modern Slavery
 - operational risks, including clinical risks, business continuity and practice management risks
 - insurable risks including legal liability claims and property losses
 - environmental, social and governance risks
 - cybersecurity risks, including data security, and privacy risks
 - internal controls and treatments for identified risks including the Company's insurance program.
 - the Company's overall risk management program.
- Provide a forum for communication between the board, management and external risk management advisors.
- Provide a conduit to the board for external advice on risk management.
- The Risk Management Committee's responsibility in relation to risk management is limited to:
 - ensuring that there is an appropriate process in place to identify and assess such risks
 - the risks identified being appropriately assessed and prioritised and
 - the risks identified having the appropriate treatments and controls to be within the Company's risk tolerance levels

The Company's Audit Committee will be responsible for ensuring that financial risk management processes are being adhered to and that the appropriate treatments and controls are being maintained for all identified financial risks. Any issues between the responsibilities of the Risk Management and Audit Committees will be resolved by a meeting of the Chairs of the two Committees or, if agreement cannot be reached, by the full board.

Authority and Resources

The board authorises the Risk Management 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 relevant information it considers relevant.
- Establish and oversee procedures for dealing with concerns of employees regarding risk management matters.
- Monitor the Company's insurance arrangements and program.

Organisation

Membership

- The board of Directors will nominate the Risk Management Committee members and the Chairman of the Committee.
- The Chairman of the Risk Management Committee is to be an independent Director of the Company.
- The Risk Management Committee will be comprised of least three members, have no more than six members and have a majority of members who are independent Directors of the Company.
- Each member should be capable of making a valuable contribution to the Committee and have skills and experience appropriate to the Company's business.
- Each member shall:
 - have reasonable knowledge of the Company's own risks and controls
 - have relevant industry knowledge.
- The secretary of the Risk Management Committee will be the company secretary, or such other person as nominated by the board.
- A quorum of any meeting will be a majority of the Committee at the date of the meeting.
- Members will be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with legislative, insurance and other relevant issues.

Meetings

- All Directors of Sonic Healthcare are entitled to attend meetings. The Risk Management Committee may invite such other persons to its meetings, as it deems necessary.
- Meetings shall be held no less than twice per year on pre-arranged dates.
- Special meetings may be convened by any Committee member as required.
- The agenda and supporting documentation should be delivered to the Risk Management Committee members at least five working days in advance of each meeting.
- Members of the Risk Management Committee should use their best endeavours to attend every meeting of the Committee.

Minutes

- The draft minutes of each Risk Management Committee meeting are to be approved by the Chairman within 7 days after each meeting and circulated to all Committee members as soon as practicable but no later than the distribution date for papers for the next Risk Management Committee meeting at which the minutes of the meetings are to be confirmed.
- A copy of the draft Risk Management 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.

Roles and Responsibilities

The Risk Management Committee will:

- Articulate and formalise the Company's policy for the oversight and management of the Company's risks.
- Approve management's overall risk management strategy for the Company and ensure the required actions are appropriately resourced.
- Oversee the establishment and implementation of the Company's risk management program.
- Ensure that the Company identifies, reviews and regularly updates the profile of the principal risks to which it is exposed and assessed the appropriateness of the steps management has taken to manage these risks.
- Review trends on the Company's risk profile, reports on specific risks and the status of the risk management process.
- Monitor performance of management in implementing risk management responses and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended.

- Review at least annually the Company's risk management framework to be satisfied that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board, including reviewing the effectiveness of the Company's implementation of the risk management program.
- Obtain regular updates from management and company's legal counsel, as required, regarding matters that may have a material impact on the company's reputation, risk profile or insurance program.
- Provide the board with an updated register of material business risks and advice on the effectiveness of the management of those risks.
- Review any material incident involving fraud or a break-down of the Company's controls and the 'lessons learned'.
- Receive reports from the Business Assurance Program on its reviews of the adequacy of the Company's processes for managing risk.
- Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- Make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board.
- Consider whether the Company's risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.
- Review the Company's approach to managing and reporting on Modern Slavery related risks.

Reporting Responsibilities

The Risk Management Committee will:

- Regularly update the board about matters relevant to the Committee's role and responsibilities and make appropriate recommendations.
- Ensure the board is aware of matters that may significantly impact the financial condition or affairs of the business.

Evaluating Performance

The Risk Management Committee will:

- Evaluate its own 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.

Review of the Committee Charter

The Risk Management Committee will review the Risk Management Committee Charter annually and discuss any required changes with the board and ensure that the charter is approved or reapproved by the board.