

# People and Remuneration Committee Charter

Fisher & Paykel Healthcare Corporation Limited

## Establishment of the People and Remuneration Committee

This Charter sets out the basis on which the Board has established a People and Remuneration Committee pursuant to the authority contained in, and subject to the provisions of, the Constitution.

The People and Remuneration Committee serves the role of both a remuneration committee and a nomination committee for the purposes of the NZX Corporate Governance Code.

## Objectives

The objective of the People and Remuneration Committee is to oversee and guide the design and implementation of the Company's people and remuneration strategies and policies to ensure the Company is able to deliver on its overall business plan and objectives. The People and Remuneration Committee assists the Board in establishing and overseeing policies and practices which:

1. enable the Company to attract, retain and develop Directors and Senior Executives who contribute to the successful management of the Company and create value for shareholders;
2. fairly and responsibly remunerate Senior Executives having regard to the performance of the Company, the performance of the Senior Executives and the general remuneration environment; and
3. comply with relevant laws, regulations and applicable listing rules.

The People and Remuneration Committee also has the objective to assist the Board in ensuring that it is composed of Directors who discharge their duties diligently and effectively.

## Authority, Duties and Responsibilities

In addition to any other authorities, duties and responsibilities which have been assigned to it from time to time by the Board, the People and Remuneration Committee has the authority, duty and responsibility to:

### People and Culture Strategy

1. review and recommend to the Board the human resources strategy for Directors and Senior Executives, and monitor its implementation;
2. ensure that the Company has adequate procedures for the review of the performance of the Board (including Board Committees), individual Directors and Senior Executives;

## Remuneration and Benefits

3. review and recommend to the Board the Company's Remuneration Policy, including any policies and practices relating to:
  - a. remuneration consultants providing market data and the methodology for comparison against the market;
  - b. Senior Executive remuneration packages, including short and long term variable components; and
  - c. the Company's superannuation arrangements.
4. ensure a formal and transparent method to recommend Director remuneration packages at appropriate intervals, by seeking external advice and benchmarking before recommendations to the Board and shareholders as appropriate;
5. review and recommend to the Board on the structure of remuneration of executive Directors, non-executive Directors, the Chairperson and the Board Committee members;
6. recommend for approval by the Board the remuneration of the Chief Executive Officer/Managing Director; and
7. approve Senior Executive remuneration (other than the Chief Executive Officer/Managing Director) including signing any resolutions and related documents on behalf of the Board approving the remuneration of any Senior Executive who is a director of a subsidiary of the Company;

## Diversity and Inclusion

8. review and recommend to the Board the Company's Diversity Policy.
9. on an annual basis, review the effectiveness of the Diversity Policy and monitor the Company's performance against it by:
  - a. assessing the Company's progress towards the achievement of the measurable objectives set by the Board with respect to the Diversity Policy and any strategies aimed at achieving the objectives; and
  - b. reporting to the Board and recommending any changes to the measurable objectives, strategies or the way in which they are implemented;
10. on an annual basis, review:
  - a. the relative proportion of women and men in the workforce at all levels of the Group; and
  - b. remuneration by gender;

## Development and Succession Planning

11. ensure that the Company has formal and transparent procedures, including background checks, for the selection and appointment of new Directors to the Board;
12. develop and implement a plan for identifying and assessing Director competencies;
13. identify individuals who are qualified to become Board members, taking into account a variety of factors, including, but not limited to:
  - a. the range of skills currently represented on the Board;
  - b. the skills, expertise, experience (including commercial and/or industry experience), diversity of backgrounds and particular qualities that make individuals suitable to be a Director of the Company; and/or
  - c. the individual's understanding of accounting, finance and legal matters;
14. make recommendations for the appointment and re-election of Directors and members of the Board's committees;
15. ensure the Company has adequate succession plans for Directors and Senior Executives;
16. ensure that the Company has in place a programme for the effective induction of new Directors including information on the Company's financial, strategic, operational and risk management position, the culture and values of the Company, the corporate structure and governance of the Company, duties and responsibilities of Directors and the Board's committees, meeting arrangements, Director interaction with each other, Senior Executives and other stakeholders, any appropriate site tours, sessions with key employees, product reviews and reviews of strategic and business plans to allow new Directors to participate fully and actively in board decision-making at the earliest opportunity;
17. ensure that the Company provides appropriate ongoing training and upskilling of existing Directors (including education on key developments in the Company and industry) and review and monitor the Company's development plans for Senior Executives; and
18. review, on an ongoing basis, the time commitment that the role of non-executive Directors requires, and whether the non-executive Directors are meeting this requirement.

## People and Remuneration Committee Composition

The People and Remuneration Committee is to be of sufficient size and independence to discharge its mandate effectively and shall consist of at least three members, each of whom will be appointed by the Board.

All of the members of the People and Remuneration Committee shall be Directors of the Company. The People and Remuneration Committee shall be chaired by an Independent Director and a majority of the members shall be Independent Directors<sup>1</sup>.

The Board shall appoint one of the members of the People and Remuneration Committee who is an Independent Director to be the Chair of the People and Remuneration Committee. In that person's absence, any member may chair a meeting of the People and Remuneration Committee.

The People and Remuneration Committee may, if it considers it appropriate, appoint a secretary.

## Meetings and Procedure

The People and Remuneration Committee will meet as frequently as required.

A quorum for a meeting of the People and Remuneration Committee is two members.

The People and Remuneration Committee may invite such other persons to attend their meetings as they consider appropriate and determine the procedures under which this occurs. Management should only attend People and Remuneration Committee meetings at the invitation of the People and Remuneration Committee. The Chief Executive Officer, the VP Human Resources and the Company Secretary will normally be invited to attend such meetings, except when the Chief Executive Officer's, the VP Human Resources and the Company Secretary's remuneration is being discussed.

The People and Remuneration Committee shall ensure that minutes of its meetings are kept and provided to the Board in a timely manner.

The dates, times and venues of each meeting of the People and Remuneration Committee will be notified to all members as far in advance as possible. Supporting papers shall also be sent to members as far in advance as possible.

The proceedings of the People and Remuneration Committee will be governed by the provisions of the Constitution that govern meetings of Directors, in so far as they are applicable.

## Consultation

The People and Remuneration Committee shall have unrestricted access to Senior Executives, all employees, company records, financial or legal advisers, and external consultants or specialists.

## Reporting

The Chair of the People and Remuneration Committee (or a person nominated by the People and Remuneration Committee for that purpose) shall report to the Board on the People and Remuneration Committee's proceedings following each meeting on matters relevant to the Committee's duties and responsibilities.

The Chair of the People and Remuneration Committee (or a person nominated by the People and Remuneration Committee for that purpose) shall ensure an annual report is prepared and provided to the Board summarising the activities of the People and Remuneration Committee during the previous 12 months.

## Review

Every two years, the People and Remuneration Committee shall undertake the following review:

1. an evaluation of the performance of the Committee against the objectives set out in this Charter; and
2. a review of the terms of this Charter, including the objectives, duties and responsibilities of the People and Remuneration Committee, and shall recommend to the Board any suggested changes to the objectives, duties and responsibilities of the Committee.

*Last approved by the Board on 29 March 2019*

<sup>1</sup> Independent Directors are as defined in the NZX Listing Rules