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.

Role

- Annually review the composition of the Board and make recommendations on the appropriate skill mix, personal qualities, expertise, ability to exercise independent judgement and diversity required to discharge the Board's duties.
- Determine whether the requirements identified in the above review are satisfied by the then current composition of the Board. This assessment is completed periodically and whenever an existing Non-Executive Director retires.
- Recommend to the Chairperson of the Board ways in which the skills, experience, and expertise levels of existing Directors can be enhanced through education.
- 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 and expertise assessments completed.
- 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 and expertise assessments completed.
- Establish processes for:
    - the identification of suitable candidates for appointment or re-election to the Board and the selection procedures for appointment; and
    - 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 Chief Executive Officer/President.
- Establish and maintain the process for the review of the performance of individual Directors and the Board as a whole.

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 the Company;
- The number of existing Directorships and other commitments that may demand the attention of the appointee;

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- 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.
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 person from the short list of potential appointees to be invited to be come a Director of the Company.

Independence

An independent director is a Non-Executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

When determining the independent status of a Director, the Board should consider whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the board
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has a material contractual relationship with the Company or another group member other than as a director

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Membership

The Chairperson of the Board shall be the Chairperson of the Nomination Committee. In the absence of the Committee Chairperson or appointed delegate, the members shall elect one of their number as Chairperson for that meeting.

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 Chairperson 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 Non-Executive Director Committee members.

Each member shall have one vote and the Chairperson 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 cost of the Company; and
- Obtain such resources and information from the Company 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.

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CURRENT MEMBERSHIP

Chairperson:	Mr Roderic Holliday-Smith
Non-Executive Directors:	Mrs Yasmin Allen Mr Paul Bell Prof Edward Byrne Mr Andrew Denver Mr Donal O'Dwyer
Secretary:	Mr Neville Mitchell

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