

## **SECURITIES TRADING POLICY**

**Version Date: 4 November 2016**

Sonic Healthcare's Board and management are committed to governance which recognises that all aspects of the group's operations are conducted ethically, responsibly and with the highest standards of integrity. The purpose of this document is to facilitate legal compliance, detail a key governance policy which covers restrictions on dealing in Sonic securities, and to establish a procedure relating to trading in securities that protects Sonic Healthcare and its people against the misuse of information in order to gain an improper advantage.

### **1. PERSONS TO WHOM THIS POLICY APPLIES:**

#### **1.1 General Prohibitions**

All Sonic Healthcare group employees and officers, hereinafter described as "Sonic Employees" are bound by the policy in 2.1 below.

#### **1.2 Designated Officer Prohibitions**

The following Sonic Employees hereinafter described as "Designated Officers", are bound by the policy in 2.2 below.

- (a) Directors of Sonic,
- (b) CEOs of Sonic subsidiaries,
- (c) Senior Finance and Corporate staff, including the Company Secretary,
- (d) Any other person who is notified (directly or indirectly) that they are subject to this policy by Sonic Healthcare's Managing Director, Finance Director or the Company Secretary; and
- (e) In relation to any person under (a) to (d) above:
  - (i) their spouse (including de facto relationships);
  - (ii) any of their children or step-children, under 18 years of age;
  - (iii) their nominee, including an investment manager managing funds on their behalf;
  - (iv) a trust of which they, or any of their connected persons described in this paragraph (e), are the trustee or beneficiary;
  - (v) a person in partnership with them or any of their connected persons described in this paragraph (e) (acting in his or her capacity as such); and
  - (vi) a company which they or any of their connected persons described in this paragraph (e) control.

### **2. POLICY**

#### **2.1 General Prohibitions**

Sonic Employees are prohibited from buying or selling or otherwise trading Sonic securities (including shares, options, derivatives, debt securities and any other financial products that are able to be traded on a financial market) at any time (including during trading windows for Designated Officers) if they are aware of any non-public information which a reasonable person would expect to have a material effect on the price or value of Sonic securities. Sonic Employees are also prohibited from procuring others to trade, or directly or indirectly communicate information to another person where the Sonic Employee knows or ought to know that the recipient would be likely to trade or procure someone else to trade when the Sonic Employees are precluded from trading. Sonic Employees are also required to use best endeavours to enforce confidentiality in all dealings with external advisers.

The prohibitions described above also apply to trading in financial products issued or created over Sonic's securities by third parties, and to trading in associated products and products such as options which operate to limit the economic risk of security holdings in Sonic.

Sonic Employees must not trade in the securities of any other entity if material, non public, market sensitive information on such entity comes to the attention of the Sonic Employee by virtue of their position within Sonic.

These prohibitions reflect the prohibitions on “insider trading” under the Commonwealth of Australia Corporations Act. The Corporations Act provides for severe penalties for persons breaching these prohibitions.

Examples of potentially price sensitive information include (but are not limited to):

- consideration of a significant acquisition or disposal of assets,
- actual or forecast changes in Sonic’s financial condition or performance,
- the likelihood of winning, or losing, a material contract,
- a proposed securities issue, and
- the likelihood of a significant change in senior management.

A Sonic Employee has an obligation to give a notice to Sonic and to the Australian Securities Exchange (ASX) if they begin to have, or cease to have, a substantial holding (as defined in section 9 of the Corporations Act) in Sonic or, if they have a substantial holding in Sonic and there is a movement of at least 1% (of Sonic’s issued capital) in their holding.

### **2.2 Designated Officer Prohibitions**

In addition to the General Prohibitions above, Designated Officers are only permitted to trade in the period of eight weeks commencing on the business day after the public announcement of half year and year end results, and the period of five weeks commencing on the business day after Sonic’s Annual General Meeting. Trading is also permitted in the two weeks following any Sonic announcement which gives specific market guidance regarding the next annual result due to be reported. The Sonic Board of Directors must specifically consider and approve the opening of the “trading window” in each instance.

Sonic’s Chair or Managing Director may impose other periods when Designated Officers are prohibited from trading because price sensitive, non-public information may exist.

Exceptions to this policy may be granted by Sonic’s Chair (for other Directors), by the Chair of the Remuneration and Nomination Committee (for Sonic’s Chair) or by the Managing Director (for all other Designated Officers) in cases of severe financial hardship or exceptional circumstances, providing it is clear (to a reasonable person) that the Designated Officer is not in possession of material, non public, market sensitive information at that time. The Designated Officer would be required to declare that this is the case, as part of a request for grant of an exception. Both the request and grant of approval must be given in writing including via hard copy, facsimile or email.

A Designated Officer would be in severe financial hardship if they had a pressing financial commitment that could not be satisfied otherwise than by selling Sonic securities.

Exceptional circumstances would exist if a Designated Officer was required by a court order, or there were court enforceable undertakings or some other overriding legal or regulatory requirement to transfer or sell Sonic securities; or there were other circumstances that the Chair or the Managing Director deemed to be exceptional and, after considering all alternatives, the proposed sale of Sonic securities is the reasonable course of action.

In considering the grant of an exception, the evidence required to substantiate severe financial hardship / exceptional circumstances will be determined by the person given the responsibility to grant the exception.

In considering the grant of an exception, the minimum practical period for which any clearance to trade is valid will be determined by the person given the responsibility to grant the exception.

Designated Officers must also be aware of the following issues around clearances to trade:

- any clearance to trade can be given or refused by the appropriate person in their discretion, without giving any reasons;
- a clearance to trade can be withdrawn if new information comes to light or there is a change in circumstances;
- if the Designated Officer does come into possession of inside information after receiving a clearance to trade, they must not trade despite having received the clearance;
- a decision to refuse clearance is final and binding on the Designated Officer seeking the clearance; and
- if clearance to trade is refused, the Designated Officer seeking the clearance must keep that information confidential and not disclose it to anyone.

The Managing Director and Finance Director are required to obtain approval from the Chair of Sonic Healthcare before selling Sonic securities.

Designated Officers are also prohibited from entering into:

- transactions in products which limit the economic risk of participating in unvested entitlements or entitlements subject to a holding lock under any equity based remuneration schemes,
- short-term trading and short selling arrangements in Sonic securities.

Directors of Sonic Healthcare Limited are also prohibited from entering into margin lending or other secured financing arrangements in relation to Sonic securities without the prior approval of the Chair (and for the Chair, the Chair of the Remuneration and Nomination Committee) and disclosure of such arrangements to the Board.

Designated Officers are required to commit to this by signing the Securities Trading Policy and will forfeit their equity rewards should they be found to be in breach.

### **2.3 Exclusions**

Nothing in the Policy restricts Sonic Employees from exercising options over unissued Sonic shares (including those granted under the Sonic Employee Option Plan). Trading of the subsequently issued shares is however subject to the Prohibitions above.

The Policy does not apply in the following circumstances (other than the requirements under Section 3. Notifications).

- (a) trading which results in no change to the beneficial interest in the securities (eg transfers of Sonic's securities already held by a Sonic Employee into that Sonic Employee's superannuation fund or other saving scheme in which the Sonic Employee is a beneficiary);
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Sonic securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) trading under an offer or invitation made to all or most of Sonic's security holders, such as a rights issue, a share purchase plan, a dividend reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board (such trading includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue);

- (d) where a Sonic Employee is a trustee, trading in Sonic securities by that trust, provided that:
  - (i) the Sonic Employee is not a beneficiary of the trust; and
  - (ii) any decision to trade is taken by the other trustees or by the investment managers independently of the Sonic Employee.
- (e) if a Sonic Employee wishes to make an undertaking to accept, or to accept, a takeover offer; or
- (f) trading under a non-discretionary trading plan for which prior written clearance (under the same procedures as to which exceptions to the Designated Officer prohibitions are granted) has been provided and where:
  - (i) a Designated Officer entered the plan or amended the plan during a period when trading was allowed under 2.2 above; and
  - (ii) the trading plan does not permit the Sonic Employee to exercise any influence or discretion over how, when, or whether to trade.

Such a trading plan may not be cancelled by a Designated Officer other than during a period which trading is allowed under 2.2 above other than in exceptional circumstances, as described in 2.2.

### **3. NOTIFICATIONS**

Should a Sonic Employee be in any doubt as to whether they possess material, non public, market sensitive information, they must not trade without first discussing the situation with the Company Secretary or Finance Director.

Following execution of any trading, all Designated Officers are required to provide details of the trades to the Company Secretary within 24 hours.

All Sonic share dealings by Directors must be promptly notified to the ASX by the Company Secretary. Directors are therefore required to complete an Appendix 3Y and forward to the Company Secretary within two business days of executing (i.e. before settlement) any trade.

### **4. ACKNOWLEDGEMENT**

Each Designated Officer is required to sign a copy of the latest version of this policy from time to time as acknowledgement of awareness of the laws prohibiting "insider trading" and Sonic's policy.