

# VARIAN MEDICAL SYSTEMS, INC.

## ETHICS AND COMPLIANCE COMMITTEE CHARTER

(Amended as of August 18, 2017)

### PURPOSE

The purpose of the Ethics and Compliance Committee (the “**Committee**”) of Varian Medical Systems, Inc. (the “**Corporation**”) is to:

- oversee the Corporation’s compliance with legal and regulatory requirements, and the compliance program(s) designed to foster legal and ethical business conduct, related to the following areas: (i) business ethical conduct and interactions with government officials (such as the U.S. Foreign Corrupt Practices Act of 1977, as amended), including anti-corruption and commercial bribery, (ii) interactions with healthcare providers, including payments for clinical research and support of charitable/educational/trade organizations, (iii) export and trade compliance, and (iv) FDA/OIG regulatory compliance (the “**Subject Areas**”); and
- assist the Corporation’s Board of Directors (the “**Board**”) in (i) fulfilling its statutory and fiduciary responsibilities with respect to the oversight of compliance with legal and regulatory requirements relating the Subject Areas, (ii) monitoring the Corporation’s compliance with its corporate policies, including its Company Policies and Code of Conduct, and practices relating to the Subject Areas, (iii) monitoring the effectiveness of its compliance program(s), (iv) monitoring compliance matters relating to FDA regulation of product quality, product and engineering quality systems, good manufacturing practices, post-market surveillance and reporting to FDA, (v) ensuring regulatory compliance relating to FDA/OIG regulation of medical device sales, marketing, promotional and advertisement activities (including off-label marketing and claims), and (vi) assessing the principal risk exposures facing the Corporation related to the foregoing, as well as the Corporation’s related mitigation efforts;
- report to the Corporation’s Board the results of its oversight and monitoring; and
- provide to the Board such additional information and materials as the Committee may determine is necessary to make the Board aware of significant compliance matters relating to the Subject Areas requiring the Board’s attention.

Notwithstanding the foregoing and for clarity, the Audit Committee shall have oversight over financial regulatory compliance matters (e.g. accounting,

accounting/finance controls, auditing, financial reporting and investor disclosure). The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time assign to the Committee.

## **MEMBERSHIP AND ORGANIZATION**

The Committee shall be a standing committee of the Board, serve at the discretion of the Board, and be comprised of a minimum of three directors including a Chairperson. Each member of the Committee shall qualify as an “independent director” under rules of the New York Stock Exchange and the rules under the Securities Exchange Act of 1934, as amended. The Committee members shall not serve simultaneously on the ethics or compliance (or similar) committees of more than three other public companies without the approval of the full Board. At least one member of the Committee shall, in the judgment of the Board, have a background in healthcare, and at least one member of the Committee shall also serve on the Audit Committee.

The Committee shall meet as often as it deems necessary to discharge its functions, but not less than quarterly. The Committee will meet separately and on a regular basis with the Corporation’s (i) employees responsible for its compliance program(s), including the chief compliance officer(s), (ii) General Counsel or chief legal officer, and (iii) head of the internal audit function. The Committee shall have such other direct and independent interactions with other employees or persons as the Committee may deem appropriate from time to time.

At least semi-annually, the Committee shall coordinate with the Audit Committee to review matters of mutual interest within the context of each committee’s responsibilities and the Chairperson of each committee shall update the other on the work and issues of his/her committee.

Members of the Committee shall receive fees, if any, for their service on the Committee as may be determined by the Board in its sole discretion, which fees may include retainers, per-meeting fees and special fees for service as the Chairperson of the Committee. Fees may be paid in such form of consideration as is determined by the Board, including cash, deferred payment (cash or stock), stock, stock options, phantom stock and common stock equivalents. The Committee members may not receive any compensation from the Corporation except the fees received for service as a director or member of any of the several committees of the Board.

The Corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of the compensation of any advisor employed by the Committee pursuant to the authority granted by this Charter and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Each member of the Committee shall have one vote on any matter requiring action by the Committee.

## **FUNCTION AND RESPONSIBILITIES**

The Committee's duties, responsibilities and authority shall include:

1. Reviewing the Corporation's policies and procedures, including the Company Policies and the Code of Conduct, related to the Subject Areas;
2. Reviewing the organization and organizational structure of the Corporation's compliance function(s), and implementation and effectiveness of the Corporation's compliance programs and practices, relating to the Subject Areas;
3. Reviewing any material issues that arise relating to compliance by the Corporation and its subsidiaries and all directors, officers and employees with the Corporation's policies and procedures, including the Company Policies and the Code of Conduct, relating to the Subject Areas;
4. Reviewing any material issues with management regarding the status of the Corporation's compliance with laws and regulatory requirements relating to the Subject Areas, as well as major legislative and regulatory developments in such areas that may have significant impact on the Corporation;
5. Reviewing with management any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Corporation's compliance with laws and regulations relating to the Subject Areas;
6. Discussing with management any legal matters that may have a material impact on the Corporation's compliance with its policies and procedures relating to the Subject Areas;
7. Conducting investigations into matters relating to the Corporation's legal and regulatory compliance relating to the Subject Areas as it deems appropriate to fulfill its responsibilities. The Committee shall have direct access to any employees of the Corporation, as well as any third party who may perform compliance-related consulting services, and at its discretion may call upon third parties, including outside counsel, to meet directly with it without the presence of management;
8. Overseeing the establishment and implementation of procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding compliance matters relating to the Subject Areas;
9. With regard to all matters within the authority of the Committee, establishing, to the extent permitted by applicable law, subcommittees consisting of one or more members, other directors and management to carry out such duties as the Committee may delegate;

10. To the extent the Committee deems it necessary and appropriate, retaining special legal or other consultants to advise the Committee as the Committee may consider appropriate to assist the Committee in carrying out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee and for ordinary expenses of the Committee;
11. Providing reports to the Board as follows:
  - at least quarterly, a summary of the Committee's actions, examinations and recommendations consistent with the Committee's Charter; and
  - periodically and as appropriate, a summary of any issues that arise with respect to the Corporation's compliance with legal or regulatory requirements relating to the Subject Areas;
12. Reviewing annually the Committee's Charter, structure, process and membership requirements from time to time; and
13. Conducting an evaluation of the Committee's own performance at least annually.

While the Committee has the responsibilities and powers set forth in this Charter, the Committee and the Board must rely on the expertise and knowledge of management, including the Corporation's chief compliance officer(s) and chief legal officer. Accordingly, it is the responsibility of management, and not the Committee, to ensure compliance with applicable laws, rules and regulations.