

## **Cardinal Health, Inc. Board of Directors Corporate Governance Guidelines**

On August 6, 2003, the Cardinal Health, Inc. (the “Company” or “Cardinal Health”) Board of Directors (the “Board”) adopted the following Corporate Governance Guidelines, which were most recently amended by the Board effective August 5, 2020:

### **Role of the Board**

The Board serves as the representative and acts on behalf of all of the shareholders of Cardinal Health. In representing Cardinal Health’s shareholders, the basic responsibility of the Directors is to exercise their business judgment in good faith and to act in what they reasonably believe to be the best interests of the Company. In discharging that obligation, Directors should be entitled to rely on the honesty and integrity of their fellow Directors and of the Company’s senior executives, outside advisors and outside auditors. The Board, operating directly and through its committees, fulfills the following primary functions:

- Oversee management in the conduct of Cardinal Health’s businesses;
- Oversee management’s efforts to establish and maintain for the Company high standards of legal and ethical conduct in all of its businesses, including conformity with all applicable laws and regulations;
- Review, evaluate and, where appropriate, approve, the Company’s major business strategies, capital deployment and long-term plans and review its performance;
- Select, evaluate and set the compensation for the Chief Executive Officer and other senior officers and plan for management succession;
- Oversee management’s efforts to protect the assets of Cardinal Health through the maintenance of appropriate accounting, financial reporting and financial and other controls;
- Oversee the Company’s policies and procedures for assessing and managing risk;
- Provide advice and counsel to senior management;
- Evaluate the overall effectiveness of the Board and its committees; and
- Evaluate, select and recommend an appropriate slate of candidates for election as Directors.

### **Board Selection and Composition**

***Board Selection.*** The Board is responsible for selecting candidates for election as Directors based on the recommendation of the Nominating and Governance Committee.

***Board Membership Criteria.*** The responsibilities of the Nominating and Governance Committee include reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the Board’s current composition and objectives, and developing and recommending to the Board criteria for identifying and evaluating candidates for the Board. These criteria include, among other things, an individual’s business experience, qualifications, attributes and skills such as relevant industry knowledge (including healthcare, supply chain and logistics), operations, management, technology, accounting and finance, leadership, strategic planning and international markets, Board and executive leadership,

independence (including independence from the interests of a particular group of shareholders), judgment, integrity and ability to commit sufficient time and attention to the activities of the Board, as well as the absence of potential conflicts with the Company's interests. The Nominating and Governance Committee considers these and such other criteria as it may determine relevant in the context of an assessment of the operation and goals of the Board as a whole and seeks to achieve diversity of occupational and personal backgrounds on the Board, including race and gender diversity.

***Board Independence.*** A majority of the Board must be comprised of Directors who meet the New York Stock Exchange definition of "independence," as determined by the Board. Under standards that the Board has adopted to assist it in assessing independence, the Board defines an "independent Director" to be a Director who:

- is not and has not been during the last three years an employee of, and whose immediate family member is not and has not been during the last three years an executive officer of, the Company (provided however, that, in accordance with New York Stock Exchange listing standards, service as an interim executive officer, by itself, does not disqualify a Director from being considered independent under this test following the conclusion of that service);
- has not received, and whose immediate family member has not received other than for service as an employee (who is not an executive officer), more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), in any 12-month period during the last three years (provided however, that, in accordance with New York Stock Exchange listing standards, compensation received by a director for former service as an interim executive officer need not be considered in determining independence under this test);
- (a) is not a current partner or employee of a firm that is the Company's internal or external auditor; (b) does not have an immediate family member who is a current partner of the Company's internal or external auditor; and (c) is not and was not during the last three years, and whose immediate family member is not and was not during the last three years, a partner or employee of the Company's internal or external auditor who personally worked on the Company's audit within that time;
- is not and has not been during the last three years employed, and whose immediate family member is not and has not been during the last three years employed, as an executive officer of another company during a time when any of the Company's present executive officers serve on that other company's compensation committee;
- is not, and whose immediate family member is not, serving as a paid consultant or advisor to the Company or to any executive officer of the Company, or a party to a personal services contract with the Company or with any executive officer of the Company;
- is not a current employee of, and whose immediate family member is not a current executive officer of, a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues;

- is not, and whose spouse is not, an executive officer of a non-profit organization to which the Company or the Company foundation has made contributions during the past three years that, in any single fiscal year, exceeded the greater of \$1 million or 2% of the non-profit organization's consolidated gross revenues (amounts that the Company contributes under matching gifts programs are not included in the contributions for purposes of this standard); and
- has no other material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

The Board assesses on a regular basis and at least annually the independence of Directors and, based on the recommendation of the Nominating and Governance Committee, makes a determination as to which members are independent. References to the "Company" above include any subsidiary in a consolidated group with Cardinal Health. The terms "immediate family member" and "executive officer" above have the same meaning specified for such terms in the New York Stock Exchange listing standards.

**Board Leadership.** The Board is responsible for the selection of the Chairman of the Board and the Chief Executive Officer. The Board believes that it is in the best interests of the Company for the Board to make a determination regarding whether or not to separate the roles of Chairman and Chief Executive Officer based upon the circumstances. The Nominating and Governance Committee periodically reviews, assesses, and makes recommendations to the Board regarding the Board's leadership structure. The Board has determined that it currently is appropriate to separate the roles and appoint an independent Director to serve as Chairman. If the Board determines to appoint a non-independent Director to serve as Chairman of the Board, the independent directors will elect an independent Director to serve as Lead Director, whose responsibilities shall be established by the Board.

**Size of the Board.** Under the Company's Restated Code of Regulations, as amended (the "Restated Code of Regulations") the number of the Directors in no case shall be fewer than nine (9) or more than sixteen (16).

**Board Orientation and Continuing Education.** A thorough understanding of the Company's business is required to enable a Director to make a substantial contribution to the Board. Accordingly, after their election to the Board, all new Directors participate in an orientation program developed by the Company. The orientation includes discussions with senior management to familiarize new Directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its standards of business conduct and ethics, its principal officers, and its internal and independent auditors. The Company also encourages and pays for directors to participate in continuing education and other programs provided by outside sources.

**Continuation of Service.**

- Re-Nomination. The Nominating and Governance Committee assesses the qualifications, attributes, skills, contributions and independence of each Director on an annual basis,

taking into account the Board's current composition, to determine whether the Director should be requested to stand for re-election and continue service on the Board.

- Retirement Age. A director will not be nominated for re-election after his or her 75th birthday.
- Change of Responsibility of Non-Management Director. When a non-management director's principal occupation or business association changes substantially during his or her tenure as a Director, that Director shall tender his or her resignation for consideration by the Board. The Nominating and Governance Committee will consider the tendered resignation and recommend to the Board the action, if any, to be taken with respect to the resignation.
- Former Chief Executive Officer. When the Chief Executive Officer resigns or retires, he or she shall tender his or her resignation for consideration by the Board. The Nominating and Governance Committee will consider the tendered resignation and recommend to the Board the action, if any, to be taken with respect to the resignation.
- Number of Other Directorships. Directors are expected to commit sufficient time and attention to the activities of the Board. Except as approved by the Board, non-management Directors should not serve on more than three public company boards in addition to the Company's Board, and non-management Directors who serve as executive officer of a public company should not serve on a public company board other than the board of their own company. Non-management Directors should advise the Chairman of the Board, the Chairman of the Nominating and Governance Committee and the Corporate Secretary in advance of accepting an invitation to serve on another board.

***Voting for Directors.*** Article Eleventh ("Article Eleventh") of the Company's Amended and Restated Articles of Incorporation, as amended, provides, among other things, that, at each meeting of shareholders for the election of Directors at which a quorum is present, a nominee for election as a Director in an uncontested election (as defined in Article Eleventh) shall be elected to the Board if the number of votes cast for such nominee's election exceeds the number of votes cast against such nominee's election. Any nominee for Director who is not elected by shareholders in an uncontested election because he or she did not receive a greater number of votes for his or her election than against such election, and who remains on the Board as a Director in accordance with Section 2.5 of the Restated Code of Regulations, will promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote. Within 90 days following the certification of the shareholder vote, the Nominating and Governance Committee will make a recommendation to the Board as to whether to accept the tendered resignation. Promptly following such recommendation, the Board will act on the tendered resignation and publicly disclose its decision regarding the tendered resignation and the rationale behind the decision. Any Director who tenders his or her resignation pursuant to this provision is expected to recuse himself or herself from voting on the recommendation of the Nominating and Governance Committee or the decision of the Board with respect to his or her resignation.

## **Committee Matters**

***Number, Structure and Independence of Committees.*** The four committees of the Board are the Audit, Human Resources and Compensation, Executive, and Nominating and Governance Committees. The Audit, Human Resources and Compensation and Nominating and Governance Committees are comprised of only Directors who meet the New York Stock Exchange definition of “independence,” as determined by the Board. In addition, members of the Audit and Human Resources and Compensation Committees must satisfy additional independence criteria, in accordance with requirements of the Securities and Exchange Commission rules and New York Stock Exchange Listing Standards. It is intended that members of the Human Resources and Compensation Committee also qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. Each of the Audit, Human Resources and Compensation, Executive and Nominating and Governance Committees has a written charter approved by the Board setting forth its duties, authority and responsibilities. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

***Assignment of Committee Members.*** The Nominating and Governance Committee is responsible for recommending to the Board the assignment of Board members to various committees and the selection of committee Chairs.

***Frequency of Committee Meetings.*** With the exception of the Executive Committee, each committee is expected to meet at least four times per year with the Audit Committee meeting at least quarterly. Committees report regularly to the full Board with respect to their activities.

***Committee Agenda.*** The Chair of each committee, in consultation with the Chairman of the Board and appropriate management liaisons, establishes the committee’s agenda for its meetings. The committee Chair will consider the suggestions of committee members as to items for inclusion on the agenda.

## **Meetings of the Board**

***Agenda.*** The Chairman of the Board, in consultation with the Corporate Secretary, the Chief Executive Officer, and other members of management as appropriate establishes the agenda for each Board meeting. The Chairman will consider the suggestions of other Directors as to items for inclusion on the agenda.

***Advance Distribution of Board Meeting Materials.*** Information and materials that are important to the Board’s understanding of the business to be conducted at each Board meeting are distributed to the Board before the Board meets. Highly confidential or sensitive matters, matters not requiring advanced preparation, and matters that arise immediately prior to Board meetings may be presented and discussed without prior distribution of background material.

***Executive Sessions.*** The independent Directors of the Board meet in executive session regularly.

***Director Attendance.*** Absent unusual circumstances, each Director is expected to adequately prepare for and attend all Board meetings and all meetings of the committee(s) of which the Director is a member, and to spend the time needed and meet as frequently as necessary to discharge their responsibilities. Absent unusual circumstances, each Director is expected to attend the annual meeting of shareholders.

***Board Access to Senior Management.*** At all times, Directors have open access to the Company's senior management. Members of the Company's management are invited to attend and participate in Board meetings from time to time to brief the Board and the committees on particular topics. The Board encourages senior management to bring into Board or committee meetings and other scheduled events managers who can provide additional insight into matters being considered and/or whom senior management believes have future growth potential with the Company and should be given exposure to the members of the Board.

***Board Access to Outside Advisors.*** The Board and the Audit, Human Resources and Compensation and Nominating and Governance Committees, consistent with their respective charters, have the authority to retain such outside counsel, experts and other advisors as they determine appropriate to assist them in the full performance of their functions.

### **Assessing Performance and Leadership Development**

***Evaluation and Compensation of the Chief Executive Officer.*** The Board, through the Human Resources and Compensation Committee with input from the Chairman, conducts an annual evaluation of the performance of the Chief Executive Officer. This evaluation is shared with the Chief Executive Officer and is used by the Human Resources and Compensation Committee in setting the Chief Executive Officer's compensation.

***Evaluation of Board, Committee and Director Performance.*** The Board, through the Nominating and Governance Committee, evaluates its effectiveness and performance annually and each Committee also evaluates its performance annually. The Nominating and Governance Committee oversees an individual evaluation of each Director and the results of this evaluation are reviewed with such individual Director. To aid in this process, the Nominating and Governance Committee may retain advisors to assist the Nominating and Governance Committee in fulfilling its duties by conducting interviews and organizing and facilitating feedback to the Board for discussion.

***Management Development and Succession Planning.*** The Human Resources and Compensation Committee oversees the succession planning process for the Chief Executive Officer and senior executives. The Board is responsible for maintaining an emergency succession plan as well as a long-term and continuing program for Chief Executive Officer development and succession and reviews succession planning for other senior management positions. To assist the Board, the Chief Executive Officer annually provides the Board or the Human Resources and Compensation Committee with an assessment of senior managers and their potential to succeed him or her. The Chief Executive Officer also provides the Board or the Human Resources and Compensation Committee with an assessment of persons considered potential successors to other senior management positions, including a review of any development plans recommended for such individuals. The results of these reviews are reported to and discussed with the Board on a regular

basis. The Chief Executive Officer also provides the Board recommendations regarding an emergency succession plan which addresses who should assume the role of Chief Executive Officer in the event that the Chief Executive Officer becomes unwilling or unable to perform his or her duties.

## **Other Matters**

***Stock Ownership.*** Under the Cardinal Health Guidelines for Share Ownership adopted by the Board of Directors, each executive officer and non-management Director must accumulate and then hold the following dollar values of Company shares: six times base salary for the Chief Executive Officer; four times base salary for Segment Chief Executive Officers and the Chief Financial Officer; three times base salary for other executive officers; and five times the annual cash retainer for non-management Directors.

***Ethics and Compliance.*** The Company maintains an ethics and compliance program that is designed to be effective in the context of the Company's business and operations, including but not limited to appropriate standards of business conduct and ethics. The Board shall be briefed upon and be provided information so that it may remain knowledgeable about the content and operation of the ethics and compliance program and shall exercise appropriate oversight with respect to the implementation and effectiveness of the compliance and ethics program. The Audit Committee oversees compliance with standards of business conduct and ethics for the Company's employees, including its executive officers, and Directors. The full text of the standards is posted on the Company's website. The Company will disclose on its website future amendments to or waivers from the standards for its executive officers and Directors promptly upon any such amendment or waiver. Any waiver from its standards for Directors or executive officers must be approved by the Audit Committee of the Board of Directors.

***Review of Strategic Plans.*** The Board reviews and evaluates at least annually the long-term strategic and business plans of the Company.

***Director Compensation.*** The form and amount of Director compensation for service on the Board and committees is recommended by the Human Resources and Compensation Committee in accordance with the policies and principles set forth in its charter and any New York Stock Exchange or other applicable rules, and that committee conducts periodic reviews of Director compensation. Changes in Director compensation, if any, are recommended by the Human Resources and Compensation Committee and approved by the full Board. To more closely align the interest of the Directors with those of Cardinal Health's shareholders, a portion of Directors' fees is paid in the form of equity incentive awards denominated in Company common shares. No additional compensation is paid to members of management for serving on the Board.

***Political Expenditures.*** The Board, through the Nominating and Governance Committee, oversees the Company's policies and practices regarding political expenditures and lobbying, including an annual review of the Company's political contributions policy and corporate political contributions, lobbying activities and trade association dues and payments.

## **Annual Review**

The Nominating and Governance Committee is responsible for reviewing these guidelines at least annually and making recommendations for appropriate changes to the Board.