Risk Management Policy

Supported by Cochlear's mission and values, our business takes considered, proportionate, and well-managed risks necessary to achieve our goals.

Cochlear's Risk Management Framework is built on the understanding that all employees have responsibility and accountability for managing risks within their areas of responsibility and expertise. It seeks to provide an environment where people are encouraged to take ownership and accountability for risk management in a considered and transparent manner.

The framework helps safeguard Cochlear by creating risk transparency, facilitating risk-informed decisions, supporting effective mitigation, and cultivating a proactive risk culture. It also supports Cochlear in fulfilling its statutory and regulatory requirements and meeting the guidance provided in the ASX Corporate Governance Principles and Recommendations and as required Corporations Act 2001.

The Board is responsible for ensuring that Cochlear has an effective risk management framework to identify and manage risks on an ongoing basis.

Policy Statement

Cochlear is committed to maintaining an effective system to address and proactively manage risk in accordance with relevant legislation, regulatory obligations, shareholder expectations and good corporate governance principles. By doing so, this will allow us to be at the forefront of delivering quality products to our customers and creating sustainable value for our shareholders.

Scope

Our Risk Management Framework applies to all parts of the Cochlear business including Regions, Countries, business functions, and partners who work for or on behalf of Cochlear. Our policy applies to all Cochlear employees.

Commitment to Risk Management

The Board and Executive acknowledge their accountability and are committed to ensuring risks are proactively managed. This includes ensuring that an effective framework is in place to identify, assess and respond to strategic, operational, and emerging risks. The Executive is committed to integrating and championing risk management across our strategy, planning, budgeting, and operational processes.

Statement

In pursuit of our strategic priorities, consideration must be given to the balance of risk and reward. Due to the nature of our products, their intended use, and the markets in which they are sold, we look to minimise risks as far as possible to maximise the benefits to our customers. Strategic and operational risks need to be assessed and taken in a manner that is considered, controlled, ethical, evidence-based and aligns with the Cochlear Risk Appetite and tolerance for risk.

Cochlear's Risk Appetite program forms a core component of the Risk Management Framework, defining the optimal level of risk the Board considers appropriate to achieve objectives and strategy whilst taking into account the organisation's capacity and capability to manage risks.

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These statements are developed and maintained for key risk categories and will consider Cochlear's strategic priorities.

Risk Management processes are planned and managed so that they:

- Integrate into existing business processes, including planning, budgeting and assurance.
- Protect value and generate strategic advantages for the business.
- Protect the brand and its relationships with key stakeholders.
- Form a part of decision making which results in a practical and effective response to the risk.
- Optimise limited resources and add value to what we do.
- Align with and support a positive organisational culture.
- Allow for measurement and quantification (wherever possible), and
- Are supported by adequately designed and effective control measures.
- Operate within the boundaries set by the Risk Appetite statements.

Responsibilities

Executives, or managers with operational responsibility for risks or controls will support risk management outcomes by:

- Assuming accountability for management, oversight, monitoring and reporting of risks within their areas of responsibility.
- Supporting and championing a proactive risk mindset.
- Implementing adequate controls, proportionate to the acceptable risk level.
- Monitoring performance against the Risk Appetite Statements and ensuring that risks which approach or exceed appetite or tolerance are escalated, reported and managed in line with the Enterprise Risk Management Framework and Board expectations.
- Overseeing the overall control environment and seeking appropriate assurance, within their delegated authority and level of expertise.
- Monitoring and responding to emerging risks.

All employees are encouraged to report risks, raise concerns, or discuss management of risks that may impact on the organisation and can do so by:

- Talking with their line leader
- Following our internal incident, hazard, complaint handling and risk reporting processes
- Contacting a member of the Risk team, or
- Contacting the confidential Cochlear Whistleblower Service (in cases where the person does not feel comfortable raising the matter within the organisation).

Governance

This policy will be reviewed annually by the Board to ensure continued application and relevance.

Version Control	
Policy Application	Global
Policy Approver	Audit & Risk Committee
Policy Owner Name	VP Group Risk and Assurance
Policy Version Number	4.0
Policy Version Date	May 2026
Policy Review Cycle	Annually

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