



Cochlear[®]
Hear now. And always

**Inspired by you
for 40 years**

**Cochlear Limited
Sustainability Report 2021**

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About this report

This Sustainability Report describes how Cochlear's approach to sustainability has helped create long-term value in the year ended 30 June 2021. In developing this report, we have been guided by recognised standards of sustainability reporting to better monitor and report on our Environmental, Social and Governance (ESG) performance.

Terms that are blue and underlined indicate links to further information such as reports, documents or pages from our website.

Unless otherwise specified, measurements and data in this report pertain to Cochlear Limited (Cochlear) and its controlled entities during the reporting period from 1 July 2020 to 30 June 2021 (FY21). Consolidated financial statements for the corresponding reporting period are published in the Cochlear 2021 Annual Report. All dollar values refer to Australian dollars (AUD) unless otherwise specified.

Our story

For 40 years, Cochlear has been the global leader in implantable hearing solutions

Graeme Clark wanted to fix ears

From a young age, Professor Graeme Clark knew what he wanted to do: “I want to fix ears.” He had watched his father, a pharmacist, struggle with hearing loss, and wanted to save others from the same hardship.

Then he spotted a shell

Professor Clark had a concept – and the ambition to see it through – but the challenges of the time made it difficult to turn his idea into action. It was an encounter on a beach that was the final step Graeme needed. In a shell and a blade of grass – rigid at its roots but malleable at the tip – Graeme saw the structure that would allow an electrode array to adapt to any curve. It was here that the opportunity to connect hundreds of thousands of people to a life of hearing first came to light.

It helped to establish a company to bring that vision to life

Professor Clark partnered with Australian entrepreneur Paul Trainor – and his Nucleus Group – and the University of Melbourne to commercialise the cochlear implant. With funding from the Australian government, they developed the Cochlear™ Nucleus® 22 Implant, the first multi-channel cochlear implant, and Cochlear, the company, was formed.



Our work is far from over

Professor Clark changed the world when he and his team developed a new way of treating hearing loss. The history of our organisation has always been about transforming lives – giving people the opportunity to enjoy a life of hearing. Professor Clark was inspired to ‘fix ears’ – and so too was Dr Anders Tjellström, who performed the world’s first bone conduction hearing implant surgery in Gothenburg in 1977.

The work of these pioneering researchers – and their brave first recipients – laid the foundation for our company. This drive has always been a part of our DNA – we gain our inspiration from the people we serve and support. That’s what inspires our journey forward.

About Cochlear

Cochlear commenced operations in 1981 as part of the Nucleus group, and in 1995 listed on the Australian Securities Exchange. Today, Cochlear is a Top 50 listed Australian company with a market capitalisation of over \$15 billion.

We aim to improve awareness of, and access to, implantable hearing solutions for people who live with hearing loss for which our products are indicated. We have provided more than 650,000 devices to people who benefit from one – or two – of our implantable solutions. Whether these hearing solutions were implanted today or many years ago, we continue to bring innovative new products to market as well as sound processor upgrades for all generations of recipients. We invest more than \$190 million each year in R&D and currently participate in over 100 collaborative research programs worldwide.

Our global headquarters are on the campus of Macquarie University in Sydney, with regional offices in Asia Pacific, Europe and the Americas. Cochlear has a deep geographical reach, selling in over 180 countries, with a direct presence in more than 30 countries and a global workforce of more than 4,000 employees.

40 Years of innovation

1981 1982 1983 1984 1985 1986 1987 1989 1990 1992 1993 1994 1995 1998 2001 2002 2004 2005

● **Key Milestones**
Cochlear is founded when the Nucleus group partnered with the Australian government to develop the first commercially available multi-channel cochlear implant

● **Key Milestones**
Global headquarters and manufacturing established at Lane Cove Sydney, Australia

● **Healthier & More Productive Society**
1st recipient in Japan

● **Lifetime of hearing**
The US Food and Drug Administration approves the Nucleus® 22 implant - the first multi-channel device to receive premarket approval

● **Key Milestones**
Established European office in Basel, Switzerland

● **Healthier & More Productive Society**
Holly McDonnell, aged 4, becomes the first paediatric recipient of commercially available cochlear implant in Sydney, Australia

● **Healthier & More Productive Society**
US FDA approved Nucleus Cochlear Implant for children aged 2-17
1,000 implants

● **Healthier & More Productive Society**
1st recipient in India

● **Key Milestones**
Cochlear listed on the Australian Stock Exchange

● **Healthier & More Productive Society**
US FDA approved Baha system for treatment of mixed and conductive hearing loss

● **Key Milestones**
1st recipient in China

● **Key Milestones**
Acquire Philips Hearing Implants based in Mechelen, Belgium and create Cochlear Technology Centre

● **Healthier & More Productive Society**
30,000 implants

● **Healthier & More Productive Society**
60,000 implants

● **Key Milestones**

● **Healthier & More Productive Society**

● **Empowered Customers**

● **Lifetime of hearing**

● **Thriving People**

● **Environment**

● **Governance**

● **Healthier & More Productive Society**
Graham Carrick from Australia becomes first recipient of the commercial Cochlear™ Nucleus® 22 Implant

● **Empowered Customers**
1st wearable sound processor

● **Key Milestones**
US office established in Denver, Colorado

● **Healthier & More Productive Society**
1st cochlear implant surgery in Germany

● **Healthier & More Productive Society**
Australians, Scott Smith and Bryn Davies become first children to receive cochlear implants as part of clinical trials at the Victorian Eye and Ear Hospital in Melbourne

● **Key Milestones**
Established Japan office in Tokyo

● **Healthier & More Productive Society**
10,000 implants

● **Lifetime of hearing**
Spectra sound processor launched enabling recipients to upgrade their sound processor without needing a new implant

● **Key Milestones**
Gothenburg based Nobel Pharma, which later became Entific, begin commercialising Baha bone conduction implant system

● **Thriving People**
Catherine Livingstone AO appointed Chief Executive Officer

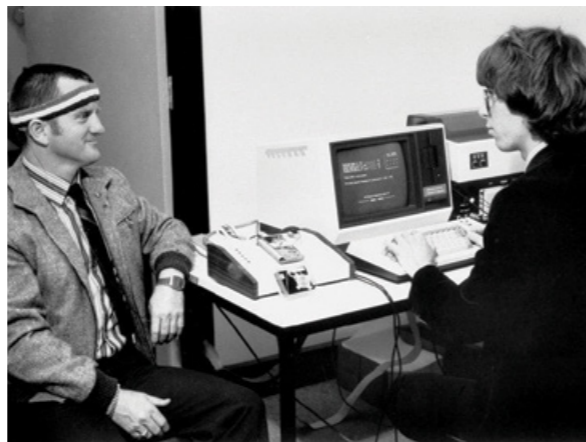
● **Healthier & More Productive Society**
20,000 implants

● **Key Milestones**
1st multi-channel, behind-the-ear ESPrit processor introduced to the market, Nucleus 24 Cochlear Implant released

● **Empowered Customers**
Graeme Clark Scholarship program launched in US and Australia

● **Key Milestones**
First non-surgical bone conduction solution, Baha® Softband launched

● **Key Milestones**
Acquired Entific Medical Systems in Sweden, becoming Cochlear Bone Anchored Solutions



2006

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2017

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2019

2020

2021

Acquired supplier, Crystalaid, in Brisbane, Australia bringing manufacturing of components and accessories in-house

Moved global headquarters to Macquarie University (MQU) campus in Sydney
Established office in Mumbai, India
New MQU HQ awarded 4 Star Green Star rating by Green Building Council of Australia and 5 start NABERS rating

Established regional office for Latin America in Panama

Established regional office for Middle East in Dubai, United Arab Emirates

First Cochlear Care Centre – providing post surgery care for recipients – opens in Melbourne in partnership with Royal Victoria Eye and Ear Hospital

Established Central European office in Vienna, Austria

450,000 implants

Nucleus® Kanso® first off-the-ear cochlear implant sound processor launched

Cochlear Clinical Skills Institute opens at Australian Hearing Hub

Slim Modiolar Electrode launched

Innovation Fund established to make targeted investments in start-ups from around the world

First Global R&D Symposium held in Sydney bringing together experts from around the world

Global HEAR behaviours established to help define and drive Cochlear's corporate culture

Acquired Cycle the world's largest provider of audiology office management software

Announced expansion of global manufacturing capacity through new facility in Chengdu, China

World Health Assembly unanimously passes resolution urging member states to make hearing healthcare a public health priority

35,000 recipients in China

Nucleus 7 Sound Processor - world's first 'Made for iPhone' cochlear implant sound processor - launched

Partnership with Sichuan Innovation and Entrepreneurship Promotion Association to develop a Chengdu Hearing Hub

Foundation stone laid in Chengdu, China

500,000 implants

Nucleus 7 Android connectivity launched

USD10M gift to Johns Hopkins University to establish Cochlear Center for Hearing and Public Health

Global Diversity & Inclusion Framework strategy launched with an initial focus on gender

Global Safety and Wellness Framework

First Global Environmental Policy outlining our long-term commitment to the environment

Solar panels installed at Lane Cove facility

550,000 implants

Cochlear™ Osia® approved by FDA as world's first active osseointegrated steady-state implant

CEO joins Champions of Change Coalition aimed at achieving gender equality and building respectful and inclusive workplaces

Rooftop solar installed at MQU

1st standalone ESG Report

Supplier Code of Conduct introduced

Construction of Chengdu Manufacturing Facility Completed.

New Cochlear Americas HQ opens in Denver

600,000 implants

US FDA approval of Remote Check solution - the first telehealth patient assessment tool for cochlear implant recipients

Launch of Nucleus® Kanso® 2

Hearing Health Today Podcast launched

Cochlear and MQU co-funded Cochlear Chair in Hearing & Healthy Ageing appointed

Gender diversity targets set for Board members and senior leaders

Flex@Cochlear rollout

First Global Modern Slavery Statement published

Celebrate Cochlear's 40th anniversary with 'Inspired by you for 40 years' campaign

650,000 implants

WHO release first World Report on Hearing

First ever global consensus on use of cochlear implants as the minimum standard of care for adults with severe to profound hearing loss

200,000 Cochlear Family members

Chengdu Cochlear Clinical Skills Institute opens

30% Board Gender Target achieved

First Reconciliation Action Plan Working Group established

Alison Deans appointed Chair of Cochlear

Business flights carbon emissions reduction target established



A message from the CEO & President

This year marks Cochlear's 40th anniversary. In 1981, Australian entrepreneur Paul Trainor, founder of the Nucleus Group of medical device companies, enabled Professor Graeme Clark to realise his dream to help people hear. With a grant from the Australian Government, he established Cochlear as a company with a starting team of three employees to commercialise the multi-channel cochlear implant.

Today, in 2021, Cochlear is the global leader in implantable hearing solutions with more than 4,000 employees around the world dedicated to helping people hear. Over the past four decades we have provided more than 650,000 implantable hearing devices to people in over 180 countries.

This milestone highlights the importance of ensuring the sustainability of our company so that we can continue to provide a lifetime of hearing outcomes for our recipients. Being sustainable means creating long-term value for all of our stakeholders – our customers, our employees, our shareholders and society more broadly.

To outline how we do this, we have introduced a value creation model that illustrates how our business creates value over the long term. This model enables us to explain the outcomes of our operations and activities in broad terms and shows how our approach to environmental, social and governance risks and opportunities is integrated into our corporate strategy.

Our success will be defined by:

- building a healthier and more productive society;
- having empowered customers;
- providing a lifetime of hearing outcomes for recipients;
- ensuring our employees thrive; and
- creating sustained value underpinned by strong corporate governance and environmentally responsible operations.

This Report describes how our approach to sustainability supports long-term value creation and the benefits for our customers, our people, our communities, and our planet. For each of our five major areas of value creation, the Report outlines the why and how of what we do. It also highlights our achievements and impact over the reporting period and explains how we intend to improve our performance and impact over the coming years.



For 40 years we have been helping more people to hear, connect with others and live a full life. This year, the World Health Organization's first ever *World Report on Hearing*¹ called on governments and societies to make ear and hearing care a global public health priority and described how global action would help achieve the United Nations Sustainability Development Goals on good health and wellbeing, quality education, decent work and economic growth and equality.

Our value creation model and approach to sustainability will reinforce our ability to contribute to important global health, social, and environmental goals, as well as continue to help more people hear, now and into the future.

A handwritten signature in black ink, reading "Dig Howitt". The signature is fluid and cursive, with a large, stylized initial "D".

Dig Howitt
CEO & President

This Report describes how our approach to sustainability supports long-term value creation and the benefits for our customers, our employees, our communities and our planet.

Dig Howitt
CEO & President

¹ *World report on hearing*. Geneva: World Health Organization; 2021. Licence: CC BY-NC-SA 3.0 IGO <https://www.who.int/publications/i/item/world-report-on-hearing>.

How we create value

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society.

Our sustainability approach supports our creation of long-term value by aligning our efforts to this goal and by measuring our impact.

Supporting a lifetime of hearing for the children and adults who have our implants means we need to deliver sustainable financial growth that brings benefits to all our stakeholders. We achieve this through market-leading innovation capabilities, in conjunction with a global network of experts and collaborators; the strong and trusted relationships we build with our candidates, recipients, professional customers and payers; and our employees who are central to how we deliver our strategy and create value.

Our mission

The passion that drives the organisation and focuses the strategy

We help people hear and be heard

We empower people to connect with others and live a full life

We transform the way people understand and treat hearing loss

We innovate and bring to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes

Our growth opportunity

The factors driving industry growth

- Hearing loss is prevalent and under-treated
- Cochlear implants are a cost-effective solution for all age groups
- Product indications are broadening and funding is expanding
- Cochlear implants can deliver superior outcomes to hearing aids for indicated patients
- Good hearing is essential for healthy ageing
- Opportunity to drive deeper penetration of the bone conduction segment

Our strategy

How we focus our resources

Our strategic priorities are focused on improving awareness of and access to implantable hearing solutions for people indicated for our products.



Retain market leadership



Grow the hearing implant market



Deliver consistent revenue and earnings growth

Key business activities

What we do

Cochlear has been the global leader in implantable hearing solutions for 40 years, providing a range of implantable hearing solutions and sound processor upgrades that deliver a lifetime of hearing outcomes.

The key inputs to creating value

Customers & communities

Our capacity to create value depends on the strong and trusted relationships we build with our candidates, recipients, professional customers and payers.

Innovation capability

We are pioneers and global leaders in the development, manufacture and commercialisation of implantable hearing solutions, collaborating with a global network of research partners.

People & capabilities

Our people's knowledge and expertise are central to how we deliver our strategy.

Financial & environmental

Prudent management of financial capital and responsible production and consumption underpins the delivery of consistent returns over time.

The value we create, driving success now and into the future

A healthier & more productive society

Transforming the way people understand and treat hearing loss by improving awareness and access.

Societal benefits: healthy ageing, education and productivity opportunities, standard treatment pathway for children and adults, appropriate funding for a cost-effective intervention

Empowered customers

Improving the wellbeing of recipients and providing convenience and confidence to our professional customers.

Customer benefits: positive customer experience, improving quality of life

A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that provides a lifetime of hearing solutions for recipients.

Innovation delivers: quality and reliability, improving hearing outcomes, connected care solutions, easy to use products, expanding product indications

Thriving people

An engaged, capable and high-performing workforce that delivers on our strategy and supports the creation of sustained value.

People outcomes: employee engagement, inclusion and diversity, health and safety

Sustained value

Maximising spending to grow the market and maintain our competitive position. Agile, efficient and environmentally responsible business processes to support our growth ambitions.

Financial outcomes: consistent financial and environmental performance, disciplined capital management, strong corporate governance, operational improvement, reduced climate impact

Resources & relationships

Value created

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Our contribution to the United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) are a set of 17 universal goals adopted by all United Nations Member States in 2015. The goals are a global call to action on sustainable development that aim to end poverty, protect the planet and ensure all people enjoy healthy lives, peace and prosperity by 2030. They are applicable to all countries at all stages of development and are predicated on all sectors of society being involved in their achievement.

The World Health Organisation (WHO)'s first ever *World Report on Hearing* released on 3 March 2021 articulated the need for promoting ear and hearing care to serve the SDG agenda. It highlighted that definitive action on hearing care was relevant to SDGs 3 (good health and wellbeing), 4 (quality education), 8 (decent work and economic growth) and 10 (reduced inequalities).²

How we contribute to the SDGs through the value we create



Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Ensure healthy lives and promote well-being for all at all ages (SDG 3)

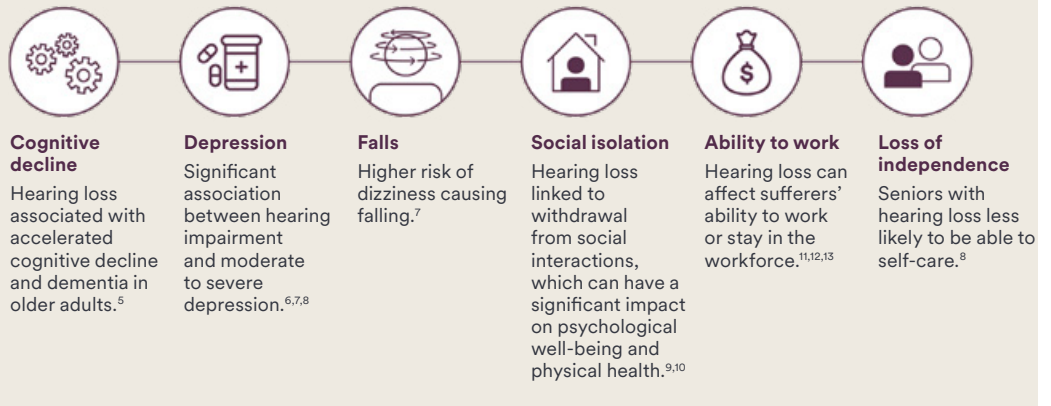
According to the WHO *World Report on Hearing*, 1.5 billion people live with some degree of hearing loss including around 60 million people who live with severe or higher hearing loss.³ Age-related hearing loss is the third-biggest cause of years lived with disability and is the biggest cause for those aged over 70.⁴ If not addressed, hearing loss can negatively impact many aspects of health and wellbeing for people of all ages.

² [World Report on Hearing](#), page 2.

³ [World Report on Hearing](#), page 40.

⁴ Haile L.M et al., 2021; Hearing loss prevalence and years lived with disability, 1990–2019: findings from the Global Burden of Disease Study 2019; *Lancet*, March 2021.

Growing understanding of the link between good hearing and healthy ageing



For many years, the role of good hearing in healthy ageing has been significantly underestimated. However untreated hearing loss in older people is associated with the impacts shown in the diagram above.

As well as the impact on individuals and their families, untreated hearing loss creates a large economic burden on society: the estimated global economic, health and welfare costs are US\$980 billion¹⁴.

By helping people in more than 180 countries access implantable hearing solutions we contribute to the global effort to reduce the impact of untreated hearing loss and improve health and wellbeing for millions of people.



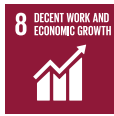
Target 4.5: Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

Target 4.6: Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (SDG 4)

According to the WHO, 34 million children have disabling hearing loss.¹⁵ Deafness and hearing loss in childhood impacts negatively on language, social and economic development and on educational attainment. Severe or higher hearing loss has a significant impact on a child's development. Children with cochlear implants have a greater likelihood of acquiring oral language, integrating into regular schools and being able to experience sounds along with better speech skills.¹⁶ Cochlear implantation is the standard of care for children with severe or higher hearing loss in developed/high income countries. Ensuring all children have a pathway to this standard of care in developed countries and improving access to cochlear implants for children in emerging/low income countries is one of our long-term strategic objectives.

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- [World Report on Hearing](#), page 10.
- <https://www.who.int/news-room/fact-sheets/detail/deafness-and-hearing-loss>.
- [World Report on Hearing](#), page 98.



Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target 8.7: Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.

Target 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



Target 5.1: End all forms of discrimination against all women and girls everywhere.

Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



Target 9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8)

The *World Report on Hearing* outlines the association between hearing loss and employment outcomes for adults.¹⁷ It notes there is evidence that 'overall adults with hearing loss have increased odds of unemployment or underemployment' and the costs 'related to unemployment and premature retirement among people with hearing loss is conservatively estimated at \$182.5 billion annually'.¹⁸

Our products support people with hearing loss to actively participate in working life. In adults, cochlear implantation has been associated with a positive change in employment status including a significant increase in median yearly income compared to preimplantation¹⁹. Research commissioned by First Voice in Australia found that children with hearing loss who had received effective early intervention were more likely (77%) to be in regular paid employment than those who hadn't.²⁰

A further contribution we make to SDG 8 is through our business conduct. We set high internal standards to foster a safe, diverse and inclusive workplace and monitor and encourage high standards of labour practice in our supply chain.

Achieve gender equality and empower all women and girls (SDG 5)

Achieving gender equality is an important element of our Diversity and Inclusion strategy. In FY20 we introduced gender targets for our Board and Senior Leaders. We have implemented a range of activities and policies that are recognised as key enablers to gender equality through supporting improved access to work for all employees. These include continuing to embed flexible working for employees globally, deployment of our inclusive leadership programs, and continuing work to ensure gender pay equity. We have also implemented specific initiatives to promote and support diversity and inclusion in the STEM and hearing health workforce.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (SDG 9)

As a global medical technology company, we are committed to customer-focused innovation. To this end, we contribute to inclusive and sustainable industrialisation by investing around 12% of our sales revenue each year in research and development (R&D). We are also committed to reducing our impact on the environment and have this year introduced carbon emission targets.

¹⁷ [World Report on Hearing](#), page 46.

¹⁸ [World Report on Hearing](#), page 49.

¹⁹ Monteiro et al 2012.

²⁰ Cost-benefit analysis of First Voice's early intervention program: Deloitte Access Economics 2017 p2.



A healthier and more productive society

Transforming the way people understand and treat hearing loss by improving awareness and access to treatment

A healthier and more productive society

Outcomes

Products available in more than **180** countries

Member of WHO World Hearing Forum

Cochlear Implant International Community of Action launched

\$180,000 sponsorship for the Cochlear Foundation

Awarded **8** scholarships to help implant recipients complete their university studies

First ever global consensus paper on cochlear implants as standard of care for adults with severe to profound hearing loss

What we do

1 Drive and support efforts to demonstrate the clinical, social and economic benefits of diagnosing and treating hearing loss
→ p.15

Why we do it

To transform the way society understands and treats hearing loss

To improve awareness of, and access to, implantable hearing solutions around the world

How we do it

Support and contribute to awareness activities, advocacy and hearing health organisations
→ p.15

Invest in activities to improve access to address unmet need and improve ear and hearing care
→ p.19

Support research demonstrating the benefits of implantable hearing solutions
→ p.21



1

Driving and supporting efforts to demonstrate the clinical, social and economic benefits of preventing, diagnosing and treating hearing loss

Cochlear is committed to transforming the way people understand and treat hearing loss. We do this by increasing awareness of hearing loss and its effects, expanding access to hearing loss assessment and effective treatment, and improving the quality of life of people with hearing loss. We also invest in activities and initiatives that improve access to implantable hearing solutions for the millions of people around the world who would benefit from them.

Supporting and contributing to hearing health awareness, patient advocacy and hearing health organisations

Cochlear supports a range of global and local initiatives aimed at increasing awareness of hearing health and promoting the value of preventing and treating hearing loss.

WHO calls on government and society to make hearing health a public health priority

The WHO's landmark *World Report on Hearing*, '*Hearing Care for All: Screen. Rehabilitate. Communicate*' urges governments and societies to make ear and hearing care a public health priority. The report also calls upon all member States to integrate ear and hearing care into primary health care programs and includes the importance of access to cochlear implants.

We invest in activities and initiatives that improve access to implantable hearing solutions for the millions of people around the world who would benefit from them.

In response to the rapidly rising prevalence of hearing loss, and the associated economic, health and social costs, the report sets out hearing care actions for all societies and age groups including babies, children and adults. It affirms the effectiveness and cost effectiveness of cochlear implants and highlights the benefits for both children and adults. It is also the first global roadmap provided for governments to adopt hearing screening, treatment and rehabilitation into primary health care systems to prevent and limit the global rise in the prevalence and social impact from hearing loss.²¹

We have joined with people with hearing loss, hearing care experts and advocates to promote the Report and amplify its messages. For example, on World Hearing Day events were held in several regions both virtually and as hybrid in person/virtual events and were accompanied by a comprehensive social media campaign. The human face of hearing implants was front and centre of the awareness activities with cochlear implant users representing the lived experience of hearing loss at the report's launch in Geneva. The world's youngest Nobel Peace Prize Laureate and advocate for education and girls' equality, Malala Yousafzai, provided a foreword to the report expressing her hopes for world leadership to work together to implement its recommendation.

²¹ [World Report on Hearing](#), page 5.

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To amplify the *World Report on Hearing*, Cochlear contributed to activities and events in several countries - part of hundreds of World Hearing Day events worldwide.

The Australian Hearing Hub (AHH) hosted the Australian launch of the event attended by AHH members, leading hearing health professionals and researchers, Federal politicians, and other stakeholders. The in-person and online event featured speeches from the Australian Minister responsible for hearing health, the Hon Mark Coulton MP, a message from the Australian Prime Minister, the Hon Scott Morrison MP, and a presentation on First Nations' ear and hearing care by Australia's first Aboriginal and Torres Strait Islander surgeon, Professor Kelvin Kong. WHO World Hearing Forum champion, cricketer and sports commentator Brett Lee also attend to add his voice to amplifying WHO messages.

Cochlear also worked closely with consumer and professional advocacy organisations to hold events which engaged policy makers in Europe. The German Association of Hard of Hearing People (DSB) hosted an evening for members of the German Parliament to meet with cochlear implant recipients and opinion leaders to discuss access and awareness issues relating to adult cochlear implantation in Germany. The European Federation of Hard of Hearing People hosted a European Parliament Virtual Lunch Debate involving the European Association of Cochlear Implant Users (EURO-CIU) to highlight access and awareness issues relating to adult cochlear implantation in Europe.



Australian Hearing Hub event: From left to right: Dr Fiona Martin MP; Professor Bamini Gopinath; Cochlear Chair, David Brady; Chair Deafness Forum, Hon Matt Thistlethwaite MP; Anne Porter, CEO and Founder Aussie Deaf Kids; Brett Lee, Global Hearing Ambassador; Professor Cath McMahon; Director of Audiology and HEAR Centre, Macquarie University, Mr Trent Zimmerman MP; Professor David McAlpine, Director of Hearing Research Macquarie University; Dig Howitt, CEO & President Cochlear; Sue Walters, President CICADA; Anthony Bishop, President Cochlear Asia Pacific; Professor Kelvin Kong.



Online event at German Parliament: Clockwise from top left Clockwise from far top left: Dr Matthias Müller; Ursula Soffner, Vice President DSB; Dr Harald Seidler; Renate Welter; His Excellency Mr Philip Green OAM; Australian Ambassador to Germany, Frank Wagner; General Manager Cochlear Germany, Janine Dersch; Market Access Manager Cochlear Germany, Professor Dr Timo Stöver.

Raising awareness of the link between hearing and healthy ageing

In March 2018, Cochlear pledged US\$10 million over 10 years to establish the Cochlear Center for Hearing and Public Health at Johns Hopkins Bloomberg School of Public Health. Under the leadership of Professor Frank Lin, the Center focuses on hearing loss as a global public health priority, with an emphasis on the public health impacts of hearing loss in senior adults.

This year there has been progress on the Ageing and Cognitive Health Evaluation in Elders (ACHIEVE) study. ACHIEVE is an ongoing randomised controlled trial investigating two different programs that may promote healthy ageing and cognitive health in older adults. These programs include a successful ageing education program and a hearing program.²² We have also joined forces with the International Federation of Ageing, and other leaders in the ageing and hearing care sectors, to raise awareness of the link between hearing and healthy ageing, and the importance of improving access to hearing care for older adults. This includes the announcement of the Statement of Intent issued following the November 2020 Think Tank on Hearing in Later Life.

The Think Tank brought together thought leaders from multiple fields including audiology, dementia research, academia, public health, government and industry.²³ As a signatory to the Statement of Intent we have committed to working on key action areas such as awareness, knowledge sharing, economic benefits of hearing care and elevating hearing loss as a public health concern, equitable access to hearing care and providing evidence to guide effective health interventions and social actions.

Supporting patient advocacy and hearing health organisations

Cochlear has strong relationships with patient advocacy groups and other not-for-profit hearing health organisations in many countries. In addition, we support regional and global organisations such as the European Association of Cochlear Implant Users, the International Federation of Hard of Hearing People and First Voice.²⁴ Cochlear supports these organisations financially through memberships and sponsorships as well as providing access to the latest research and other tools to support their work.

Cochlear is an active member of the WHO's World Hearing Forum, a global network promoting ear and hearing care worldwide.²⁵ We are represented on the Forum's Steering Committee and Co-Chair its working group focused on raising awareness of the importance of preventing and treating hearing loss.

22 <http://www.achievestudy.org/>

23 <https://ifa.ngo/wp-content/uploads/2021/02/Think-Tank-on-Hearing-in-Later-Life-Final-Statement-of-Intent-pdf>

24 First Voice is the regional voice for member organisations that provide listening and spoken language early intervention services for children who are deaf or hearing impaired. Its membership includes service organisations from around Australia, New Zealand, South Africa and the United Kingdom <https://www.firstvoice.org.au/>

25 <https://www.who.int/health-topics/hearing-loss/world-hearing-forum-members>

On International Cochlear Implant Day (25 February 2021) Cochlear welcomed the launch of the Cochlear Implant International Community of Action (CIICA). CIICA is an independent, consumer initiated and led global network of cochlear implant user and family advocacy organisations. CIICA prepares and shares policy briefings, research and advocacy tools to help these volunteer organisations raise societal awareness about cochlear implants and advocate to policy makers about the needs of peoples of all ages with moderate to profound hearing loss. Cochlear is a foundation supporter of CIICA.²⁶

In FY21, we provided sponsorship of \$180,000 to the Cochlear Foundation to continue its work in promoting community leadership, awareness raising and research into treatment of hearing loss. The Foundation, established in 2005 operates under the guidance of an experienced board, comprised of experts from academia, business and medical industries.

For just under 20 years we have been running a scholarship program for cochlear implant and bone conduction implant recipients across multiple countries. The Graeme Clark and Anders Tjellstrom Scholarships provide financial support throughout the university degree of successful applicants. While the program was paused in some countries this year due to COVID, we awarded scholarships to eight young people in North America.²⁷ The scholarships are another way we help empower our recipients to realise their education and career ambitions.

Alexandra Wong – Anders Tjellstrom Scholarship Winner 2021

Alexandra studies neuroscience at Johns Hopkins University in the School of Medicine. She was born with oval window atresia in her left ear, resulting in severe conductive hearing loss. Alexandra received her Baha Connect in 2015 at age 12 eventually feeling confident enough to embrace her identity and become an advocate for disability awareness including giving a TED Talk in 2020. Currently working to create algorithms that detect specific levels of hearing loss, Alexandra aspires to be one the scientists who created the technology she is so grateful for.



²⁶ <https://ciicanet.org/>

²⁷ <https://www.cochlear.com/us/en/corporate/media-center/media-releases/2021/cochlear-announces-2021-winners-of-annual-scholarships>

Investing in activities to address unmet need and improve ear and hearing care

Establishing a global standard of care for treating severe or higher hearing loss in adults

Data suggests that fewer than one in 20 adults globally who could benefit from a cochlear implant have one. These people remain either untreated or are receiving treatment that is potentially less effective. Cochlear is collaborating with experts from around the world to help address this unmet need by establishing cochlear implants as the standard of care for adults with severe or higher sensorineural hearing loss. This includes the proper diagnosis, timely referral to an appropriate centre, access to cochlear implantation and aftercare.

The development of a standard treatment pathway for care has many aspects and requires a coordinated effort between industry, hearing health professionals and public policy makers. To support the long-term nature of the process, the various aspects of the initiative are grouped across four workstreams in the project and supported by the development of

clinical evidence. The first is to develop the rationale for why it is so important to actively treat hearing loss. The second aims to see Clinical Practice Guidelines developed. The third is data analytics and the fourth is to simplify the clinical delivery model.

An initial effort to review the literature began with the publication of the first ever global consensus on the use of cochlear implants as the minimum standard of care for adults with bilateral severe, profound or moderate sloping-to-profound hearing loss.²⁸ The consensus paper was authored by a dedicated steering committee and panel of 31 audiologists and ear, nose and throat surgeons (ENTs) from 13 countries, with the process supported by the major hearing implant organisations. It was published in the leading journal *JAMA Otolaryngology*, the Journal of the American Medical Association and can be viewed at www.adultheating.com.

Long term, the consensus paper will contribute to best practice through the development of consistent Clinical Practice Guidelines to enable early identification and referral for patients who qualify for the intervention at the right time, as well as consistent aftercare.



Consensus Statements

28 Buchman CA, Gifford RH, Haynes DS et al. Unilateral Cochlear Implants for Severe, Profound, or Moderate Sloping to Profound Bilateral Sensorineural Hearing Loss: A Systematic Review and Consensus Statements. *JAMA Otolaryngol Head Neck Surg*. 2020 Oct 1;146(10):942-953. doi: 10.1001/jamaoto.2020.0998.

Improving access and funding for hearing implants around the world

Over recent years Cochlear has invested in developing its global, regional and local market access capability to help expand the availability of our implantable hearing solutions to those who need them wherever they live. Funding and reimbursement models, product indications and availability of clinical support are just some of the factors that will affect access to our products. These differ significantly between markets and between age groups.

Working with governments and payers to recognise the benefits of effectively treating hearing loss has led to the expansion of indications and/or funding in several markets over the past few years.

We have identified countries where either product indications or reimbursement should be expanded and are working with local partners to build the case for change.

Japan, United Kingdom and Belgium – expansion of reimbursement criteria for cochlear implants to include both children and adults with severe hearing loss (previously only available to those with profound hearing loss). In the UK, where over 900,000 are estimated to have severe or higher hearing loss, this change is expected to more than double the number of people who can access a cochlear implant.²⁹

United States – in March 2020 the FDA approved Cochlear Nucleus implants to be implanted in children from nine months of age, down from 12 months for children with bilateral, profound sensorineural hearing loss. This approval ensures children born deaf in the United States can have access to sound via cochlear implantation sooner and provides them with earlier opportunities to develop speech and language which can help them meet developmental milestones with their hearing peers.³⁰

New Zealand – in May 2021 the New Zealand Government announced it would almost double funding for cochlear implants for adults. This funding is expected to dramatically reduce the waiting list for public cochlear implantation surgery and is an important step towards New Zealand moving to a funding model that can meet the growing demand.³¹

France – in November 2019, the French Government increased the reimbursement for bone conduction sound processors to ensure patients were not left with out of pocket costs. Previously, there had been a substantial gap between the amount reimbursed and the total cost to the patient which had deterred some Baha candidates from having surgery and recipients from replacing their sound processors due to their financial circumstances.

Czech Republic – changes to funding criteria in 2020 increased the number of cochlear implants available for adults by 25% with a commitment to grow the number for 10% year on year up to 200 cochlear implants per year.

29 <https://www.cochlear.com/intl/about/media-centre/cochlear-advises-of-expansion-in-uk>

30 <https://www.cochlear.com/us/en/corporate/media-center/media-releases/2020/fda-ped-9-months>

31 <https://scip.co.nz/wp-content/uploads/2021/05/Budget-2021-Cochlear-Implant-Funding-Increase.pdf>

Supporting research demonstrating the benefits of implantable hearing solutions

There are a growing number of cost effectiveness studies highlighting the economic and societal benefits of adult implantation. These studies play an important role in educating policy makers, payers and providers about the economic benefits to society and the quality-of-life benefits for recipients.

In April, a study³² demonstrated the cost effectiveness of cochlear implants in Sweden. The study, a collaboration between Macquarie University Centre for Health Economics and Cochlear, demonstrates the cost effectiveness of unilateral cochlear implantation in adults when compared to hearing aids, and highlights the inequality of access and low uptake of cochlear implants when compared to other common interventions.

In May, a study³³ in the Netherlands detailed the significant cost, health and societal benefits from cochlear implantation across all age groups. It found healthcare costs due to cochlear implantation were 'more than compensated by the value of the health benefits and by savings in educational and productivity costs'. For people over the age of 70, the study found that cochlear implantation was highly cost effective with a net benefit to society of EUR 76,000.

This new research builds on earlier studies demonstrating the health, social and economic benefits of effectively treating severe or higher hearing loss, and of cochlear implants more specifically, for children, adults and seniors.

As noted above, Cochlear sponsors and contributes to research that demonstrates the social, economic and health benefits of hearing implants. Given the links between hearing and healthy ageing, we work with clinicians and researchers from around the world to demonstrate the value and effectiveness of cochlear implants in senior adults with severe or higher hearing loss.

Another focus is helping to build on the growing body of evidence of the superior outcomes of cochlear implants over hearing aids for many people with a severe or higher hearing loss.³⁴

32 Gumbie M, Olin E, Parkinson B, Bowman R, Cutler H. The cost-effectiveness of Cochlear implants in Swedish adults. *BMC Health Serv Res.* 2021 Apr 8;21(1):319.

33 Neve OM, Boerman JA, van den Hout WB, Briaire JJ, van Benthem PPG, Frijns JHM. Cost-benefit Analysis of Cochlear Implants: A Societal Perspective. *Ear Hear.* 2021 Mar 4.

34 For example Lupo JE, Biever A, Kelsall DC. Comprehensive hearing aid assessment in adults with bilateral severe-profound sensorineural hearing loss who present for Cochlear implant evaluation. *Am J Otolaryngol.* 2020;41(2):102300. doi:10.1016/j.amjoto.2019.102300.

Health, economic and social benefits of effective use of implants



Children

For a pre-lingual deaf child, the return to society is more than 13 times every dollar spent on a cochlear implant based on the cost savings in education and improved productivity as an adult.³⁵



Adults

In 2018, a Cochlear study found that the number of participants reporting satisfaction with their hearing performance increased significantly after receiving a cochlear implant, rising from 9% when using hearing aids only to 95% after receiving a cochlear implant.³⁶



Seniors

Dementia and other cognitive decline diseases are some of the costliest conditions to treat in the world, at an estimated US\$1 trillion in 2018 and estimated to double by 2030. People with severe hearing loss are almost five times more likely to develop dementia than people without hearing loss.³⁷

In May, a study in the Netherlands found that for people over the age of 70, cochlear implantation was highly cost effective with a net benefit to society of EUR 76,000 as a result of net health benefits.³⁸

Overall, the estimated return on investment for effective use of implants for seniors is estimated at 10:1.³⁹

Cochlear has provided funding to the University of Nottingham to undertake an independent, randomised control trial in the UK to compare communication and quality-of-life outcomes of cochlear implants for adults with that of hearing aids. Commencing in 2021 the trial will aim to provide clinical evidence of the relative efficacy of cochlear implants for this patient group. Results are expected in the next several years. These studies are important in helping to educate policy makers, payers, hearing aid professionals and cochlear implant candidates about the benefits of cochlear implants when compared to hearing aids.

35 Estimated from Mohr et al, 2000

36 Lupo JE, Biever A, Kelsall DC. Comprehensive hearing aid assessment in adults with bilateral severe-profound sensorineural hearing loss who present for Cochlear implant evaluation. *Am J Otolaryngol.* 2020;41(2):102300. doi:10.1016/j.amjoto.2019.102300

37 World Alzheimer Report 2015 (<https://www.alz.co.uk/research/WorldAlzheimerReport2015.pdf>).

38 Neve OM, Boerman JA, van den Hout WB, Briaire JJ, van Benthem PPG, Frijns JHM. Cost-benefit Analysis of Cochlear Implants: A Societal Perspective. *Ear Hear.* 2021 Mar 4.

39 The Ear Foundation (2018). *Spend2Save Report (2nd Edition)*.



Empowered customers

Improving the wellbeing of recipients and providing convenience and confidence to our professional customers

Empowered customers

Outcomes

Introduced Cochlear™ CoPilot mobile app

Grew membership of Cochlear Family to more than **200,000**

500+ professional training events with more than 47,000 participants

Opened Chengdu China Clinical Skills Institute

4,648 listens to the Hearing Health Today podcast

What we do

1 Create new products and services
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2 Support the development of hearing health professionals
→ p.26

Why we do it

To improve the well-being, quality of life and customer experience of cochlear implant patients

To improve convenience and confidence for our professional customers

How we do it

Develop and bring to market a range of implantable hearing solutions.
→ p.25
Increase engagement with our recipients.
→ p.25

Develop products and services to support our professional customers
Support education and training for audiological, medical and other health professionals
→ p.26



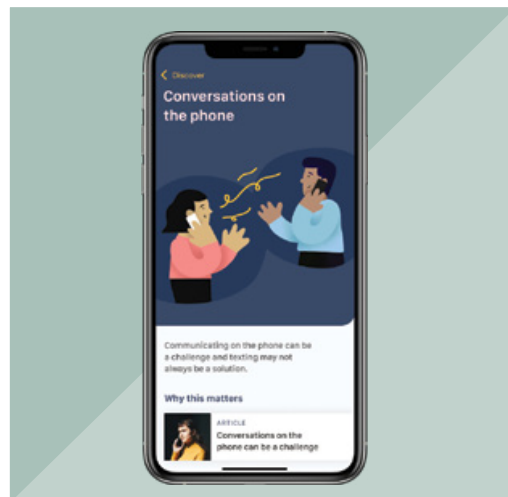
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Creating new products and services

Developing and bringing to market a range of implantable hearing solutions

Over the past 12 months we have continued to build our portfolio of products and services aimed at improving our recipients' quality of life and helping our professional customers support recipients with more confidence.

In line with global healthcare trends, and accelerated by COVID, our investment in connected care solutions has been increasingly focused on technology that supports connected and remote care. In FY21 this included launching Cochlear™ CoPilot, a new mobile app designed to help adult recipients improve hearing outcomes through skills training and the Nucleus® SmartNav System designed to support surgeons in optimising electrode placement during surgery.



Cochlear™ CoPilot

We have continued to build our portfolio of products and services aimed at improving our recipients' quality of life and helping our professional customers support recipients with more confidence.

We also continued to roll out Remote Check, the first telehealth patient assessment tool for cochlear implant recipients, in more markets including the US and Western Europe. More information can be found on page 10 in our [Annual Report](#).

Increasing engagement with our recipients

Cochlear Family is our flagship recipient engagement program, providing support and information to existing and potential hearing implant recipients in their hearing journeys. This year saw the membership grow to more than 200,000 people from countries all over the world. With COVID making face-to-face events impractical in most countries, major Cochlear Family events moved online. In Europe, Cochlear held Cochlear Family virtual World Hearing Day events across nine countries for over 1,000 participants. The largest of these events combined cochlear implant recipients from the UK, Ireland, Germany and Italy providing a single immersive experience to learn, connect and share.

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2 Supporting the development of professionals

Supporting education and training for audiological, medical and other health professionals

Around the globe, we provide practical training courses to thousands of public and private health professionals, such as surgeons, audiologists and speech pathologists. Prior to COVID, Cochlear made in-person courses available in cities around the world. We also hosted hundreds of professionals annually at our Cochlear Clinical Skills Institute, a world-class surgical training centre in the Australian Hearing Hub in Sydney.

In May 2021 we began the first training events at the new Chengdu Cochlear Clinical Skills Institute (CCCSI). The CCCSI is located at Cochlear's new manufacturing facility. While the opportunities for onsite and in-person training will likely remain limited in the immediate future, our vision for the CCCSI is that it will become a world-class facility for engaging and educating both local and international hearing care professionals.

Over the past 12 months we have continued to expand the range of online training we offer to hearing professionals. Across our global operations, professional education and engagement teams have conducted more than 500 events or sessions, including webinars, reaching over 47,000 participants. These events ranged from training on new products for experienced hearing partners and



First surgeon training at Chengdu Cochlear Clinical Skills Institute: Professor Yu Zhao Vice Director of Otorhinolaryngology, Head and Neck Surgery Department, West China School of Medicine and West China Hospital, Sichuan University (foreground) and Johnson Wu, Clinical Manager Greater China, Cochlear

clinicians to foundational information on candidacy and referral for non-hearing related health practitioners. This year we also began leveraging our internal Cochlear Academy platform to support professional training with our teams in Australia & New Zealand, Latin America and Europe driving this initiative.

The first season of our Hearing Health Today podcast, first launched in June 2020, provided a new channel for educating and engaging hearing health professionals. Available on a range of platforms, the first season of nine episodes featured leading professionals from seven different countries and covered topics such as *Staying Connected in Challenging Times*, *The Rise of Telemedicine* and *A Connected Hearing Care Ecosystem*. With a total of 4,648 listens over the first season, the second series will be launched in the second half of 2021.

To help improve awareness of cochlear implantation among primary and hearing healthcare clinicians and support clearer referral and candidacy pathways, Cochlear has also partnered with a group of 102 professionals from the fields of audiology and ENT to create the CI Futures Forum. The Forum produces high quality engaging educational webinars, discussing the various topics associated with inequity and access to CI for adults. The educational platform reached over 5,000 attendees from 49 countries from August 2019 and will continue for the foreseeable future.

In focus

Empowering our customers to meet the challenge of COVID

COVID has continued to challenge our business and impact our customers, employees and partners. While every part of the world has been impacted by the pandemic, we know the effects have been uneven and unpredictable over the course of the past 12 months.

COVID has continued to drive demand for telehealth and telemedicine. Cochlear has responded by accelerating the rollout of new connected care solutions in many markets and increasing the use of online or remote services and support. Our teams across the world have implemented new ways of engaging our recipients and candidates as well as delivering support and education to promote recipient self-sufficiency when professional support was harder to access.

Online engagement and education for recipients and families in India

India was particularly hard hit by COVID in the first half of 2021 with a devastating surge of cases in April. While dealing with the impact of COVID on their own lives, our South Asia team has shown tremendous resilience and imagination in rolling out a suite of recipient engagement and support activities. Initiatives included:

- **'Recipient Connect Webinars'** to educate our recipients about the latest technology, care and maintenance of their devices as well as tips for therapy at home. Hosted by our India team

and with discussion led by experts in specific areas, 47 webinars were available to more than 5,000 recipients in 13 languages.

- **SuperHEARo Series** to directly connect with recipients and candidates through Live sessions hosted on social media. In each session recipient advocates and their families shared their hearing journey, experiences and insights to motivate and encourage other recipient families who have just begun their CI journey. More than 200 recipients attended these sessions and there were around 1,500 views for every video.
- **Therapy Tips on YouTube** to help recipient families make the most of their time at home. Hosted by Habilitation Manager, Jaspal Chowdhry, the videos provide guidance to families on how to utilize the additional time with their children to include speech and language goals and improve their outcomes. We had an average of 550 views per video.



Online engagement and education for recipients and families in India

Hybrid training for surgeons in Singapore

In November 2020, Cochlear Asia Pacific conducted its first ever hybrid temporal bone training workshop to train 15 Singapore-based surgeons in using the Cochlear™ Nucleus® Profile™ Plus with Slim Modiolar Electrode. While the surgeons were physically located in the lab, three mentors joined the session virtually to help guide the new surgeons. Overcoming physical distancing restrictions and limited audio-visual assistance, our teams

were able to use iPads and laptops to enable the mentors to see the surgeons' microscope view as well as their handling of the electrodes. The workshop was a successful collaboration between Cochlear teams based in Singapore and Australia and professional partners and hospitals in Singapore.



Hybrid training in Singapore



A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that provides a lifetime of hearing solutions for recipients

A lifetime of hearing solutions

Outcomes

Invested **\$195m** invested on R&D (13% of our sales revenue)

100+ research partners

19 peer-reviewed publications

More than **1,600** active patent assets

Hosted approx **2,500** students to grow pipeline of early-entry STEM talent

Awarded first ever Aboriginal and Torres Strait Islander Hearing Health Cochlear Scholarship

What we do

1 Advance hearing science and implantable technology
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2 Focus on product quality and reliability
→ p.34

3 Support education in STEM and audiology, ensuring innovation and hearing support in the future
→ p.35

Why we do it

To contribute to the science of hearing and other disease states or conditions and create opportunities for people to thrive, now and in the future

To give people the confidence to live their fullest lives

To ensure innovation and hearing support in the future

How we do it

Partner with key academic institutions, start-ups and other leaders in health and technology
→ p.31

Maintain a best practice quality management system
→ p.34
Undertake pre-clinical and clinical trials to study the efficacy of new technology

Grow our STEM talent pipeline and nurture the next generation of hearing innovators and health professionals
→ p.35
Promote and support diversity and inclusion in STEM and hearing health workforce

We are committed to investing in R&D to create new products and services that deliver a lifetime of hearing outcomes.

1 Advancing hearing science and technology

We have a global innovation network of more than 400 R&D employees. Our primary R&D capability is located in Sydney while our Cochlear Technology Centre in Belgium is focused on advanced innovation.

Starting with Professor Graeme Clark's pioneering research that led to a new way of treating hearing loss, pushing the boundaries of hearing science and technology is part of Cochlear's DNA. Inspired by the customers we serve and support, we are committed to investing in R&D to create new products and services that deliver a lifetime of hearing outcomes.

In the past financial year, we initiated more than 60 new, original patent families worldwide. As at 30 June 2021 Cochlear's portfolio of active patent assets in the USA, Europe, China and elsewhere totals more than 1,600 patents and patent applications.

Professor Clark's story also illustrates the power of collaboration. By working with other leaders in hearing health we can harness our collective expertise, skills and imagination to achieve more for our customers and for the community.

Partnering with key academic institutions, start-ups and other leaders in health technology

The Australian Hearing Hub and our strategic partnership with Macquarie University

Cochlear is a founding member of the Australian Hearing Hub (the AHH) – a unique precinct bringing together some of Australia's foremost hearing and healthcare organisations. An initiative of Macquarie University, the AHH unites researchers, educators, clinicians and innovators with expertise in linguistics, audiology, speech pathology, cognitive and language sciences, psychology, nanofabrication and engineering sciences.⁴⁰ In FY21 AHH refreshed its mission – to optimise hearing health for all and transform life outcomes for people with hearing loss, by collaboration among a community of organisations dedicated to hearing research, innovation, education and practice.

Cochlear and Macquarie University recently expanded their joint research funding commitment. This is in recognition of the increased impact that we can have through collaboration in areas of mutual interest that will advance hearing science, practice and policy.



⁴⁰ <https://hearinghub.edu.au/about-us/>

Significant co-funded multi-year projects include:

- Establishing more sensitive tools that can be used broadly to measure the benefits of hearing interventions;
- Better predicting outcomes of hearing intervention;
- Understanding and enhancing outcomes for adults;
- Assessing the impact of hearing on relationships, work and education; and
- Improving pathways of care and connected care models.

In addition, the Cochlear Chair in Hearing and Health, Professor Bamini Gopinath, has initiated a program of research and clinical studies to close evidence gaps and drive new ways of delivering hearing healthcare. The objective is to ensure that hearing impaired adults have optimal health and social outcomes that translate into healthy ageing.

Global academic and other collaborations

Since our inception, collaborating with academia has played a central role in Cochlear's R&D and innovation strategy. Today we have a global academic network spanning more than 20 countries and incorporating more than 100 research collaborations. Our major academic research partners include the University of Melbourne, New York University and Medizinische Hochschule Hannover (MHH). Many of our research collaborations are multi-party and multi-disciplinary and bring together universities, not-for-profit/non-government organisations, government and industry.

Collaborating on AI research to improve outcomes for recipients

Cochlear and Katholieke Universiteit Leuven, Belgium are collaborating on research to develop an automated and objective method for fitting recipients' cochlear implants by leveraging artificial intelligence (AI). If successful, this research would potentially improve efficiency of the fitting process and hearing outcomes for patients. In June 2020, this project secured funding of EUR 1.2 million over three years from the Flemish Innovation and Entrepreneurship Agency.⁴¹

In October 2020, the Australian Government's National Health and Medical Research Commission awarded a \$1.1 million grant to 'Hear Assure' a joint Cochlear/University of Melbourne research project.⁴² The aim of the project is to develop a system that monitors hearing in real time during surgery using AI methods. This would enable safe positioning of the implant to minimise the risk of loss of natural hearing during surgery.

41 <https://www.sciencedaily.com/releases/2021/03/210330081240.htm>

42 <https://www.nhmrc.gov.au/sites/default/files/documents/attachments/grant%20documents/development-grants-commencing-in-2021.pdf>

Innovation fund to support life sciences and technology start-ups

Through our innovation fund, Cochlear has made targeted investments in start-ups from around the world that are developing breakthrough technology for hearing loss and other therapeutic areas. These investments leverage our technology and expertise in head-based neuromodulation implants. They complement our core business of implantable hearing solutions, as well as identify opportunities in adjacent markets to address unmet clinical need.

Cochlear has so far invested in the areas of epilepsy monitoring (Epiminder and Seer Medical), hypoglossal nerve stimulation for patients with obstructive sleep apnoea (Nyxoah), spinal cord stimulation (Saluda Medical), and drug development aimed at improving hearing outcomes for cochlear implant recipients (Sensorion).

In 2021, Epiminder and Seer Medical announced they would begin collaborating on epilepsy seizure detection and forecasting.⁴³ This further demonstrates the importance of our investment in start-ups as they build their own ecosystems and create broader health, economic and community value.

We continue to monitor both the Australian and international markets to identify new opportunities to strategically invest with start-ups to accelerate the development of complementary technology.



⁴³ <https://epiminder.com/epiminder-and-seer-medical-collaborate-on-epilepsy-seizure-detection-and-forecasting>

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2 Focusing on product quality and reliability

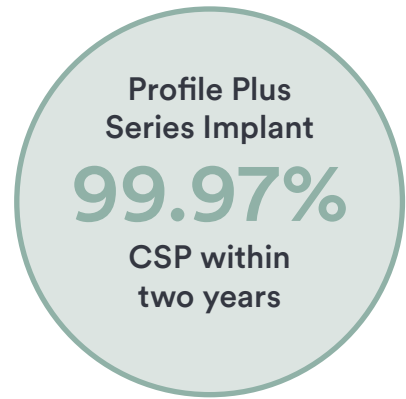
Maintaining a best practice quality management system

Our implants and sound processors are subject to rigorous internal and external testing, regulatory approvals and audits for patient safety.

Our quality management systems are an integral part of our product reliability. We regularly review them and adjust them to address quality issues. They are also regularly audited by internal and external auditors for adherence to International Standard ISO 13485:2016 (Medical devices – Quality management systems – Requirements for regulatory purposes).

Cochlear monitors its products through the product lifecycle which includes testing returned devices. It uses this data to continuously improve product quality and reliability through design and manufacturing modifications.

Cochlear implant reliability is important for successful patient outcomes. We record and investigate reports of possible adverse patient outcomes. Each year, we publish the [Cochlear Nucleus Implant Reliability Report](#) which discloses reliability data for



all our implants. The report is based on the reporting methodology recommended by key international standards and consensus statements.⁴⁴

As reported in the Cochlear Nucleus Implant Reliability Report (Volume 9 December 2020), our latest implant range, Nucleus® Profile Series implant, has a cumulative survival percentage (CSP) of 99.97% within two years.⁴⁵ Our CI24RE Series, the world's most widely used cochlear implant with more than 202,024 registered devices, has a CSP of 99% after being on the market for 16 years.⁴⁶

Undertaking pre-clinical and clinical trials to study the efficacy of new technology

Cochlear undertakes pre-clinical and clinical trials, often in conjunction with leading universities and research partners, to study the safety and efficacy of new technology in accordance with relevant standards including ISO 14155:2020 (Clinical investigation of medical devices for human subjects – Good clinical practice).

44 International Standard ISO 5841-24, European Consensus Statement on Cochlear Implant Failures and Explanations, International Classification of Reliability for Implanted Cochlear Implant Receiver Stimulators, and ANSI/AAMI C186 – Cochlear implant systems: Requirements for safety, functional verification, labelling and reliability reporting for implant and sound processor reliability.

45 <https://www.cochlear.com/73b49bb2-b8b9-4349-823b-58270b293c22/Cochlear+Nucleus+Reliability+Report.+Volume+19.+December+2020+D1805413.pdf?MOD=AJPERES&CVID=nzcbJ8P&CVID=nzcbJ8P&CVID=nx7rHeD&CVID=nx7rHeD>

46 Page 12 of above report.



We currently have 17 active sponsored studies⁴⁷ and 13 in planning. We make outcomes from clinical studies available to payers, regulators, health technology assessment bodies and other stakeholders via summary reports on clinical trial public registry platforms and as published peer reviewed manuscripts. In FY21 there were 19 peer-reviewed publications arising from Cochlear sponsored studies.

The publications and reports from our sponsored studies always include a summary view on safety and effectiveness outcomes when published. Currently we do not publish 'patient level clinical research data' or otherwise make it publicly available unless required by regulators or other government agencies.

3 Supporting education in STEM and hearing health, ensuring innovation and hearing support in the future

Growing our STEM talent pipeline and nurturing the next generation of hearing innovators and health professionals

To grow our STEM pipeline, an important element of our talent strategy is to build our relationships with school and university programs, allowing us to showcase careers at Cochlear with the view to creating a diverse pipeline of entry-level talent.

During FY21, we hosted approximately 2,500 students through open days and other events supported by Cochlear in Australia. We continued to partner with, and participated in, numerous educational programs during the year to support and grow our pipeline of early-entry STEM talent. In addition, we hosted and/or participated in many events during the year, including:

- Experience It! Student Conference, which aims to increase STEM engagement among high school girls in New South Wales;
- Discover Engineering Day, which aims to promote STEM to secondary school students;
- Australian STEM Women Graduate Careers Fair; and
- Careers at Cochlear Workshop, which hosts tertiary students.

⁴⁷ A Cochlear-Sponsored Study, is one in which Cochlear proposed, defined, funded and implemented, the study. Publications are managed by Cochlear in collaboration with one or more investigators. Typically, investigators and Cochlear staff are authors.

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Zahra Khorami. Reproduced by permission of the Australian Broadcasting Corporation – Library Sales Brendan Esposito ©2021 ABC

We currently sponsor five students as part of the Cadetship to Career initiative jointly developed by The Smith Family and the Business Council of Australia. The initiative provides students from disadvantaged backgrounds with paid work experience to help them transition from study to employment and explore future career options.

This year we also awarded the Aboriginal and Torres Strait Islander Hearing Health Cochlear Scholarship for the first time. The scholarship is open to Aboriginal and/or Torres Strait Islander students who are in their first year of the Bachelor of Speech and Hearing Sciences degree at Macquarie University. The scholarship is valued at \$15,000 over three years, subject to ongoing eligibility requirements.

Zahra Khorami

Zahra Khorami, an engineering student at the University of Technology Sydney, has been part of The Smith Family Cadetship Program at Cochlear since 2017. Having resettled in Australia after her family fled from Afghanistan, Zhara demonstrated an early passion for STEM during high school. Zhara has undertaken four different summer placements within our Quality and R&D teams as a Student Engineer. Subject to completing her degree in November 2021 we look forward to welcoming Zahra as a permanent member of the Cochlear R&D team.

Elyse Cook

Elyse Cook, the first recipient of the Aboriginal and Torres Strait Islander Hearing Health Cochlear Scholarship is a Bidjigal and Yuin woman in her first year of a Bachelor of Speech and Hearing Sciences degree at Macquarie University. She first became interested in hearing and hearing health when each of her five younger brothers experienced ear infections as children. Following completion of her Bachelor's degree, Elyse intends to further her education with a Masters of Clinical Audiology and then practice as an audiologist. She is inspired to pursue a career in hearing health by her interest in the relationship between hearing and language as well as her desire to help tackle hearing and ear health issues experienced by First Nations peoples and communities.



Thriving people

An engaged, capable and high-performing workforce that delivers on our strategy and supports the creation of sustained value

Thriving people

Outcomes

~4,000
employees located
in more than
45 countries

93%
feel proud to work
at Cochlear

93%
understand how
they contribute to
the satisfaction of
our customers

83%
believe we value
diversity and
inclusivity

What we do

1 Engage and develop our people
→ p.39

2 Shape our culture
→ p.40

3 Foster a diverse and inclusive workplace
→ p.40

4 Support wellness and safety of our teams
→ p.42

Why we do it

To help them feel connected to our mission and to provide interesting and challenging work and development opportunities

To ensure we have the right culture to support our business strategy and long-term growth goals

To attract and retain employees with a wide range of experiences, perspectives, backgrounds, and abilities who represent our customers and the communities in which we operate

To ensure a supportive, sustainable, and safe work environment for all employees

How we do it

Monthly communication with global employees through virtual 'town hall' meetings
Provide an extensive range of education courses to improve knowledge and performance at an individual, team and organisational level
Through our commitment to building a diverse & inclusive culture
Align our rewards strategy to performance
Provide global quarterly HEAR behaviour awards and local and regional employee recognition awards

Measure our culture through employee surveys and focus groups
Work to strengthen our culture through targeted training programs and leadership development
Provide *Leading by Example* education for senior leaders
Through our Culture Leaders and Champions program

Through:
– Targeted gender diversity programs
– Race and age diversity initiatives
– Flexible working program to support increased access to work for all
– Inclusive Leadership and Unconscious Bias education. Ensure talent management decisions are made free from bias

Through:
– Physical and mental health wellbeing programs and support
– 24/7 Employee Assistance Program access
– Continued focus on prevention of injury through our early intervention programs
– Education and support to work flexibly and safely

1

Engaging and developing our people

20 hours
per employee spent
on formal learning
(virtual only)

over **50%**
of our employees
participate in formal
learning, on average
each month

~30,000
employee hours
spent in all
employee briefings
and global leader
briefings

We are committed to providing a safe and inclusive working environment, promoting the health and wellbeing of our employees, and investing in their growth and development. We recognise that this is vital to attract and retain the diverse talent we need to support the growth and sustainability of our business. Our employees feel deeply connected to our mission and understand the importance of Cochlear being successful over the long term so that we can continue to support our recipients.

Engaging and developing our people is a key priority for Cochlear. Their knowledge, expertise, passion and focus on delivering excellence is key to achieving our success.

We communicate with our global employees every month through virtual 'town hall' meetings. These meetings start with our Mission and a customer case study demonstrating how their lives have changed or identifying opportunities to help more people.

We continued to invest in leadership development with initiatives focused on building and enhancing the critical capabilities required to deliver on our strategy.

In FY21, all our training globally was converted to virtual delivery to allow our people to continue to develop their skills while working remotely. This had the additional benefit of providing greater access to learning for all our employees, as our virtual platform provides captions to cater for employees with hearing difficulties and those whose first language is not English.

We continued to invest in leadership development with initiatives focused on building and enhancing the critical capabilities required to deliver on our strategy. We also delivered numerous courses aimed at giving managers the skills they need to lead teams effectively and make objective and well-informed talent management decisions. Courses included Hiring Manager Excellence, Remuneration at Cochlear, Flexible Working and Performance and Remuneration Review essentials.



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2 Shaping our culture

More than **2,420** hours in FY21 of Culture Champion collaboration and training

During FY21 we continued to invest time in shaping the organisational culture we need to support our business strategy and long-term growth goals.

Our executive team focused on 'leading by example' in recognition of the critical role they play, and the example they each set for the rest of the organisation.

Cochlear has a very strong culture that has developed over 40 years. Our people are committed to our Mission and aspire to serve our customers and empower more people around the world to live a full life by improving their hearing.

We must continue to work to strengthen our culture so that we can deliver on our Mission. We measure our culture through surveys and focus groups and then take actions to strengthen elements of it.

Our Executive team and the top 100 leaders participated in a series of workshops to align on the ways in which we can strengthen our culture, commit to leading by example and commit to actions that they can work on with their teams.

Concurrently, we introduced Culture Champions, a group of 100 people who come from various regions and functions, different levels in the organisation and diverse backgrounds, who will be focused on actively shaping our culture through communications, training and education, under the leadership of a group known as our Culture Crew.

Our Culture Champions and our senior leaders will collaborate in their efforts to ensure we embrace a top-down, bottom-up and peer-to-peer approach in developing our culture and inspiring others to work towards our cultural objectives.

3 Fostering a diverse and inclusive workplace

71% of our leaders have commenced our Inclusive Leadership and Unconscious Bias Leadership programs

We are committed to building an inclusive workplace that is diverse and representative of our customers and the communities in which we operate.

To that end, we continued to educate our people to help them develop and maintain an inclusive culture, where individual differences are understood, respected and valued. We have had 71% of our people leaders commence our Inclusive Leadership and Unconscious Bias program, with 65% having completed this during the year. We will continue to focus on the delivery of these programs during FY22, particularly targeting our people leaders to ensure all our people leaders have completed this program, given the important role our leaders play. In addition to offering our Inclusive Leadership and

Unconscious Bias Leadership programs, we developed a series of micro-learning online modules on diversity and inclusion for all employees.

In addition, we continue to focus on activities across all our talent management processes to ensure that talent decisions, from recruitment and performance evaluation to remuneration and career development opportunities, are made free from bias and based on employees' behaviours and performance. For example, our Hiring Manager Excellence program is focused on removing unconscious bias from our selection processes. We continue to review and embed improvements in attracting, screening, assessing and selecting candidates, to ensure we are accessing broad and diverse talent pools.

>500
leaders have
completed our Hiring
Manager Excellence
program

52%
of all employees are
female

38%
of senior managers are
female (Increase 2%)

30%
of Board members are
female

90%
of Australian based
eligible employees
have chosen to work
flexibly

We have revised our Diversity and Inclusion Policy and set measurable objectives to focus on improving diversity, equity and access, and inclusion – with clear metrics to drive accountability and provide greater visibility on our continued progress.

In the US we have responded to the ‘Black Live Matters’ movement and created a Diversity and Inclusion council to empower our employees to respond to racial discrimination or any other form of discrimination (and inequality) more pro-actively.

In Australia we are formalising our commitment to reconciliation with First Nations peoples by developing our first Reconciliation Action Plan (RAP). Developing and implementing a RAP will help us build on our existing initiatives – such as procuring from First Nations owned businesses (→ p47) and the Aboriginal and Torres Strait Islander Hearing Health Cochlear Scholarship – and provide a clear framework for meaningful action into the future. We have established a RAP Working Group, with membership from across our Australian-based teams, with the aim of completing the RAP by the end of 2021. This year we also welcomed our second Indigenous intern and piloted Cultural Safety Training run by Macquarie University’s Walanga Muru program.

Gender equality

Achieving gender equality is an important element of our Diversity and Inclusion strategy. In FY21 we introduced gender targets for our Board and senior leaders.

To increase the female talent pipeline across Cochlear and achieve our gender targets, we continue to focus

Gender diversity targets by 2023

Board members



Senior leaders



Female Male Open

on talent succession planning and talent acquisition. In FY21, 36% of all job applicants were female; however, 48% of all new placements were female.

We also continue to build our pipeline of future talent through our highly regarded and highly selective graduate and internship programs, with females comprising 50% of our 2020/2021 summer intern program and 50% of our 2021 graduate intake.

We implemented a range of additional activities and policies to support gender equality and improve access to work for all employees. These include continuing to embed flexible working for employees globally under our *Flex@Cochlear* program, deployment of our inclusive leadership programs, and continuing work to ensure gender pay equity.

Flexible work is a key enabler to gender equality and to fostering a more inclusive workplace. It not only allows greater access to work for more people, but also empowers our employees to better achieve their professional and personal goals. During FY21 and beyond we will extend *Flex@Cochlear* to all our locations globally as and when employees are able to return to the workplace during the pandemic.

All employees working flexibly are required to complete comprehensive training to support their physical and psychological well-being. As we navigate into the future, we recognise the benefits of remote working and will continue to ensure employees are well supported to address the challenges and opportunities presented by a hybrid work environment.

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4 Supporting the wellness and safety of our teams

Zero deaths in the workplace

70% reduction in total injury frequency rate since 2016

91% are satisfied with Cochlear's efforts to keep them safe at work

82% are satisfied with their current health and wellbeing

Our commitment to the safety and wellbeing of our people is unwavering. We have implemented increased communication, education, and support tools to keep them safe and connected – which is key to their physical and mental health and wellbeing.

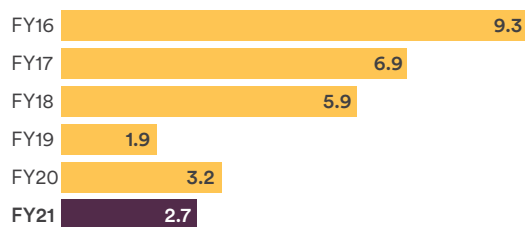
As employees return to the workplace, we have assessed the risks and benefits of hybrid and remote working arrangements, adapted the work environment, and implemented safe systems to support these new ways of working. We have also provided support to our employees as they navigate these changes and as we reset our approach to work into the future.

We are committed to continuing the global adoption of safety management standards to ensure we have a consistent and agreed approach to the principles of safety and the provision of a safe workplace across all our sites.

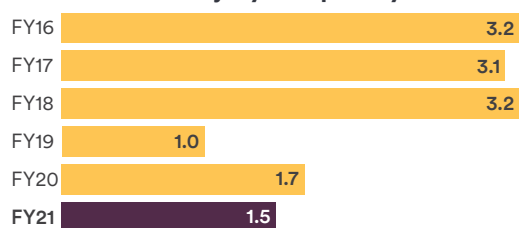
Across Cochlear, FY21 saw a 14% decrease in the total recordable injury frequency rate from the prior year. This is a result of a greater focus on understanding how injuries happen, which allows for improved injury management and prevention. Unfortunately, the severity rate of injuries increased in the year under review, indicated by the length of time employees take to return to their regular roles. We have, however, seen a marked improvement in the severity rate over the fourth quarter of the year because of a focused, timely and collaborative approach to injury management.

Our employees have 24/7 access to EAP support. During FY21 we invested significant resources into supporting the mental health and wellbeing of our employees. They were provided with access to live phone or digital coaching and counselling, webinars, and to a library of resources to assist them with the challenges posed by COVID. We also launched a psychological first-aid peer support network to assist with mental health issues and to educate employees and provide them with ongoing support.

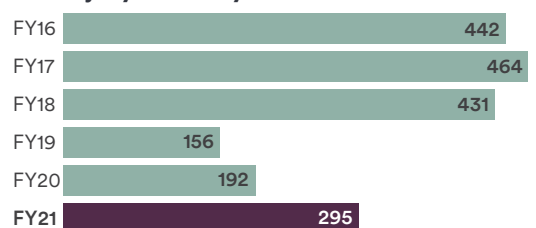
Total Recordable Injury Frequency Rate



Lost Time Injury Frequency Rate



Injury Severity Rate





Sustained value

Ensuring strong corporate governance and continually improved environmental performance throughout our facilities and supply chain to create, protect and enhance value

Sustained value

Outcomes

Implemented supplier onboarding process

Conducted ESG risk assessment of key direct suppliers

TCFD

review completed on 13/15 facilities

33%

renewable energy source

Commitment to:

↓20%

reduction in business flights per FTE by 2025

↓50%

absolute reduction in business flight related carbon emissions by 2025

What we do

Why we do it

How we do it

Strong corporate governance

1 Act lawfully, ethically and responsibly
→ p.45

To build and maintain the trust of stakeholders

To preserve and enhance our reputation and long-term sustainability

Maintain a quality board and governance structure → p.45

Monitor and support human rights governance in our supply chains → p.46

Invest in social procurement and create beneficial partnerships with social enterprises → p.47

Public policy engagement → p.48

2 Ensure financial and non-financial transparency
→ p.49

To communicate effectively with our investors by giving them equal and timely access to accurate, balanced and understandable information

Make timely and balanced disclosure → p.49

3 Manage business risks
→ p.49

To protect our business and the value it creates from internal and external risks.

Proactively manage principal and emerging business risks

4 Strengthen data privacy and security
→ p.50

To maintain the confidentiality, integrity and availability of Cochlear and customer data and information

Safeguard the security and privacy of customer data

Comply with all applicable legislation

Environmental responsibility

5 Enhance environmental management and compliance
→ p.51

Limit the environmental impacts from our operations

Implement environmental management systems based on best practice international frameworks

6 Improve energy efficiency and reduce GHG (Greenhouse Gas) emissions
→ p.52

Focus on reducing energy use and identify opportunities towards sustainable development

Measure, report on, and develop strategies to reduce Scope 1, Scope 2 and Scope 3 carbon emissions → p.52

Transition to renewable energy → p.52

Improve resource efficiency → p.54

Strong corporate governance

Over 40 years Cochlear has worked hard to earn the trust of those who rely on our hearing implants – as well as the professionals who support them. We are committed to carrying out our business fairly, honestly and legally, wherever we operate around the world. Moreover, we recognise that good corporate governance is important for the creation, protection and enhancement of shareholder value.

Cochlear's principal governance arrangements and practices for effective decision making and accountability are set out in our 2021 Corporate Governance Statement, available on the 'Investors' or '[Investor Centre](#)' sections of our website.

Maintaining a quality board and governance structure

In performing its role, our Board is committed to a high standard of corporate governance practice and to fostering a culture of compliance which values ethical behaviour, personal and corporate integrity, accountability, transparency and respect for others. [The Board's charter](#) clearly sets out its role and responsibilities, and describes those matters expressly reserved for its determination. The Board Charter is available in the 'Investors' or 'Investor Centre' sections of our website.

As at 30 June 2021, the Board comprised nine independent non-executive Directors, of whom three are women, and one Managing Director, the CEO & President.

Cochlear's Constitution requires that no Director may serve longer than three years without standing for re-election. The Nomination Committee annually reviews the Board's mix of skills, knowledge, expertise and diversity required to discharge its duties.

Cochlear sets the 'tone at the top' by continually reinforcing a culture of acting lawfully, ethically and responsibly. Our [Global Code of Conduct](#) is endorsed and supported by senior management. Cochlear is committed to acting lawfully, ethically and responsibly. We conduct mandatory training on the Code, including modern slavery risks, for all staff on an annual basis.

The code sets the standard for business conduct including anti-bribery and corruption, competition and consumer laws, conflicts of interest, modern slavery, confidentiality, privacy, trade restrictions, a fair work environment and health and safety. The latest version was reviewed and published on 1 July 2020. Cochlear also has a global [Whistleblower Protection Policy](#) and an externally operated Cochlear Whistleblower Service, both available on the company's website, to enable Eligible Protected Persons to report confidentially any suspected or actual misconduct in relation to Cochlear.

1 Acting lawfully, ethically and responsibly

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Monitoring and supporting human rights governance in our supply chain

We continue to improve our supplier due diligence assessments to support sustainable and ethical procurement. During FY21, Cochlear worked with its suppliers to encourage them to meet Cochlear’s expectations and the standards set out in the [Supplier Code of Conduct](#) in relation to labour rights, safety and wellbeing, environmental sustainability and ethical trading. Cochlear’s standard supply agreements require our suppliers to comply with all relevant legislation, including those relating to modern slavery and labour practices, and to carry out their own measures to ensure that their employees, affiliates, agents or subcontractors comply with our Supplier Code of Conduct. No suppliers have required mitigation action plans.

We have also implemented a supplier onboarding process to screen new critical direct suppliers (related to production) to our Australian and European manufacturing sites for governance, human rights and environmental issues. During the reporting year, Cochlear carried out an environmental, social and governance risk assessment of its key direct suppliers based on the location of their manufacturing sites, value of Cochlear’s annual purchases and the sourcing categories (see table below). This risk assessment concluded that Cochlear has no material exposure to these risks. Cochlear continues to monitor our suppliers and create opportunities for further assessment and improvement. Please refer to our [Global Modern Slavery Statement](#) for more details.

Risk Type	Criteria
1. Economic exposure	\$500,000 for production related suppliers, \$200,000 for non-production related suppliers
2. Social risks based on country’s record on human rights & labour rights	Country risk based on Global Slavery Index and KnowTheChain
3. Sector risks based on sourcing categories	Category selected based on Modern Slavery working group feedback, guidance documents from the Australian Department of Home Affairs, UK Home Office and KPMG Modern Slavery Guide. Priority sectors (19 in total) including: Batteries, cables, packaging, plastics, facilities, contract manufacturers, cleaning, waste management
Last year we reviewed 38 key suppliers and will look to broaden our review in the next 12 months.	

Investing in social procurement

We appreciate the sustainability risks associated with our supply chain and continue to build on our approach to managing these risks. We also know we can use our considerable buying power to generate social value beyond the financial value of the goods and services we are procuring.

We have initiated social procurement as part of our Australian based supply chain, focusing on Aboriginal and Torres Strait Islander owned suppliers including Kulbardi (stationery and consumables) and Southern Cross Pacific (security). We will continue to develop our engagement with First Nations suppliers through our membership of Supply Nation and as part of our first Reconciliation Action

Plan currently under development (see Thriving People, for more detail → p.37). From a global perspective we have added a social diversity and inclusion question in the Environment, Social and Governance questionnaire we require all suppliers to complete.

Cochlear is also a signatory to the voluntary Business Council of Australia Supplier Code which commits us to paying eligible Australian small businesses within 30 days of receiving correct invoices and/or products. In September 2021, we will begin reporting on payment times for Australian small businesses under the new Payment Times Reporting Scheme. We are committed to meeting our obligations under both the voluntary Code and the Scheme and continue to drive process improvements to ensure we pay small businesses promptly.

Working with Kulbardi

Cochlear selected Kulbardi as the office supplies and stationery supplier for its Australian-based sites in August 2020 following a competitive tender process. Kulbardi was launched in March 2014, and is the first and largest Aboriginal and Torres Strait Islander owned business and office supplies company, with a national footprint. It was also the first such business to achieve Supply Nation Certification status. Its community investment model known as the Bibbulmun Fund (BF) is designed to support community projects in enterprise, innovation and leadership, among others. One per cent of Kulbardi's total revenue is distributed through this fund.



Kim Collard CEO Kulbardi and Cochlear's Jaime Stanley.



Public policy engagement

Cochlear believes it is important to participate in formulating public policy that can affect our business operations and patient access to appropriate care and public health, among other areas of material interest. With good public policy, Cochlear can better serve patients, healthcare professionals and other customers, as well as our representatives and communities.

We engage with governments directly and through participation in industry groups and other forums. We also collaborate with a range of other stakeholders including consumer/patient organisations, professional associations and industry peers, on public policy issues at global, national and local levels.

Over the reporting period Cochlear contributed a total of \$10,770 to political organisations in Australia solely as a payment for attendance at events and briefings. These payments complied with our Global Code of Conduct (2.9 and 2.10). In compliance with the code, we did not make any cash donations to political parties or make direct campaign funding donations to either individuals or political parties.

Cochlear paid a total of \$572,003 in membership fees for 30 industry associations, think-tanks and related organisations in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Panama, Switzerland, Turkey, the United Kingdom and the United States.

Examples of public policy initiatives across our operations

Japan: Cochlear worked with stakeholders – both Australian and Japanese – to support the establishment of the Parliamentary Association for the Promotion of Policy Concerning Hearing Loss. The Association developed the 'Japan Hearing Vision' – a proposal to promote and improve hearing health in Japan. Subsequently the Ministry of Health, Labour and Welfare and the Ministry of Education, Culture, Sports, Science and Technology undertook a joint project aimed at early stage support for children with hearing loss.⁴⁸

Australia: Working closely with industry peers, Cochlear is a visible and active advocate for the medical technology and life sciences sector in Australia. We have been particularly focused on policy reform to ensure Australia has a competitive business environment for R&D and advanced manufacturing.

Global: Cochlear is on the inaugural Steering Committee of the World Health Organization's World Hearing Forum and Co-chairs its 'Champions and Changemakers' working group that engages high profile people to raise awareness of the importance of preventing and treating hearing loss.

48 See also Disability Information Resources, Rehabilitation for Children with Hearing Impairment, Kotaro Ishikawa.

2021 shareholder reports

Available at the Investor Centre section of our [website](#).



2 Ensuring financial and non-financial transparency

Making timely and balanced disclosure

We are committed to effective communication with our investors to give them equal and timely access to accurate, balanced and understandable information. [Our Continuous Disclosure Policy and Procedures](#) sets out Cochlear's policy to strictly comply with its obligations under the Australian Corporations Act and the ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of its securities.

We disclose to the market all material issues relating to the company in a timely, clear, factual, complete and balanced manner and ensure all stakeholders have an equal opportunity to access that information.

Cochlear publishes a suite of reports annually, including the Annual Report, Corporate Governance Statement, Tax Report, and Sustainability Report, which are available on the [Investor Centre](#) section of our website.

3 Manage business risks

Cochlear has a sound and robust risk management framework to identify, assess and appropriately manage risks. Our principal business risks are outlined in our [Annual Report](#) (on pages 36-37). These are risks that may materially adversely affect the business strategy, financial position or future performance. It is not possible to identify every risk that could affect the business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise. Details of Cochlear's risk management framework can be found in the [Corporate Governance Statement](#), available on the website.

4 Strengthening data privacy and security

Our business activities and product portfolio constantly evolve, to give our recipients, professional partners and employees more convenience and connectivity. These efforts are increasingly dependent on access to, and insights from, data – which may include personal information.

Cochlear has a comprehensive Global Privacy Framework in place supported by robust policies and procedures. We collect and use personal information entrusted to us by customers, professionals and employees in a compliant, transparent and ethical manner; and as outlined in our Global

Privacy Notice. We also adopt a privacy-by-design approach in designing our products and services. Our privacy function is led by Cochlear's Chief Privacy Officer and is supported by staff around the world.

We design and implement technology and security infrastructure and applications with controls in line with industry standards. While cyber insurance is part of our overall risk mitigation strategy, we take a proactive multi-layered approach, with several controls and countermeasures protecting infrastructure, systems and data.



Environmental responsibility

5 Enhancing environmental management and compliance

To ensure we can deliver a lifetime of hearing outcomes, we are committed to reducing the environmental impact of our operations, responsibly conserving natural resources and engaging our partners and suppliers to manage their impacts across our supply chain.

Our [Environmental Policy](#) sets out our high level and long-term commitment to managing and reducing our impact on the global environment. Working closely with our partners and suppliers we monitor our environmental performance across our operations and across the value chain. Our [Supplier Code of Conduct](#) outlines our commitments to maintain the high standard we expect from our suppliers, and the set of core values we expect for our business – including standards on human rights, corporate governance, ethics, safety and environmental sustainability.

During the year, we have continued to expand our environmental risk assessment. Guided by the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD) on climate change related risks, we conducted a high level assessment on 13 of the 15 largest facilities. The 13 facilities include all of those in our global manufacturing network – Macquarie University and Lane Cove in Sydney, Australia; Brisbane, Australia; Kuala Lumpur, Malaysia; and Gothenberg,

Sweden. Chengdu in China was not included in this assessment as it is not yet fully operational. Other sites assessed were Melbourne, Australia; Mechelen, Belgium; Toulouse, France; Hannover, Germany; Tokyo, Japan; Seoul, South Korea; Basel, Switzerland; and Weybridge-London, United Kingdom.

Further risk assessments on our new Denver office and the Chengdu site will be completed over the next year to complete a physical risk profile on all of Cochlear's major facilities.

The Board believes Cochlear has adequate systems in place to manage its environmental obligations and is not aware of any breach of the environmental requirements applicable in jurisdictions in which we operate.



Cochlear Chengdu

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6 Improving energy efficiency and reducing greenhouse gas emissions

Cochlear's manufacturing and related operations produce low-level emissions. To help further contain our emissions we continue to look for opportunities to reduce energy use by applying new technologies and systems and efficiently managing and monitoring our operations.

In our new Denver office, for example, we have integrated sustainability and efficiency at the heart of the building design. It is the first Cochlear facility to provide onsite electronic vehicle charging stations and smart systems such as intelligent LED lighting with sensor technology to adjust throughout the day and turn off automatically when space is not occupied.

Transitioning to renewable energy

In 2021, we maintained our focus on sourcing renewable energy across our main operations and have built an overall capacity of 33% across our manufacturing facilities and other key sites (those with larger physical footprints, headcounts and energy use). Over the next year, Cochlear will investigate options for moving sites in our global manufacturing network toward higher levels of renewable energy where possible.

Measuring, reporting on and developing strategies to reduce carbon emissions

COVID's continued impact on our business activities and operations has been reflected in our emissions. Our total emissions have reduced by 46% from our FY19 or 'pre-COVID' reported emissions and 25%

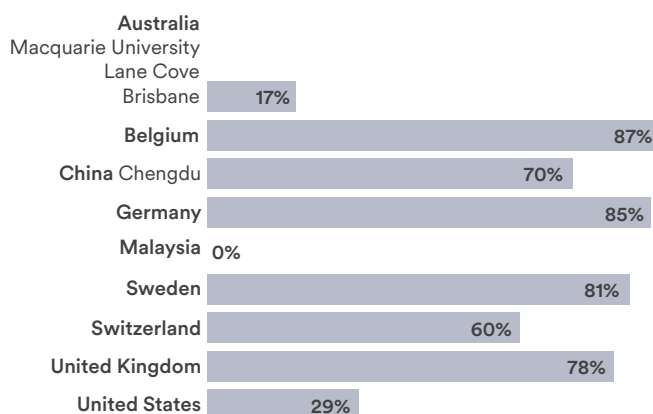
from FY20. This decline is largely driven by the near complete halt to business related travel and corresponding drop in business flight related emissions (96%). As anticipated in our FY20 ESG Report our emissions from energy use (Scope 2) have increased from FY20 with our Denver and Chengdu sites becoming operational although at below 'normal' capacity. Our Scope 1 emissions have risen from FY20 due to natural gas usage at Chengdu and some increased use of our owned and leased vehicle fleet in Europe. We anticipate that, without further action, our Scope 1 and 2 emissions will continue to rise when business conditions return to normal and with production coming onstream at our facility in Chengdu.

Before COVID, our carbon emissions from business travel accounted for nearly half of our total reported footprint. COVID has significantly reduced business travel by our employees and driven changes in the way our customers and our people operate. The rapid adoption of online and remote tools has likely permanently reduced our need for travel to deliver on our mission. However, as a global company we know that some business travel will still be necessary to connect and to support our customers as we grow.

In this context, we are committing to a 50% absolute reduction in business flight related carbon emissions by FY25 compared to our FY19 baselines. This will be achieved through a combination of reduced business flights – a targeted 20% per full-time employee – and investment in carbon offsets.

This target is only a first step as we develop a more comprehensive approach to understanding, reporting and reducing our carbon emissions and environmental impact. Over the coming years we expect to expand our commitments.

Renewable energy (%)



Energy Use and GHG Emissions

	Detail	% Change	2021	2020	2019
Energy	Measure				
Total directly purchased energy	Megawatt-Hour (MWh)	▼ -5%	20,379	21,485	23,177
Energy intensity by unit of production	Megawatt-Hour per device made (MWh / unit)	▼ -14%	0.12	0.14	0.15
Energy intensity by revenue	Megawatt-Hour per million in revenue (MWh / mAUD revenue)	▼ -6%	14.92	15.9	17.16
GHG emissions	Definition (Measure)				
Total Scope 1 emissions*	GHG emissions by direct combustion (Tonnes CO ₂ -e)	▲ 32%	823	624	625
Total Scope 2 emissions	Indirect GHG emissions by electricity consumption (Tonnes CO ₂ -e)	▲ 8%	10,034	9,316	9,827
Total Scope 1 and 2 emissions	GHG emissions (Tonnes CO ₂ -e)	▲ 10%	10,892	9,940	10,453
Scope 1 and 2 GHG emissions intensity	GHG emissions per device made (kg CO ₂ -e / unit)	▼ -6%	60.26	64	67
Scope 1 and 2 GHG emissions intensity by revenue	GHG emissions per million in revenue (Tonnes CO ₂ -e / mAUD revenue)	▼ -12%	7.295	8.28	7.74
Scope 3 emissions (baseline using 2019) (business flights only#)	GHG emissions (Tonnes CO ₂ -e)	▼ -96%	186	4,773	10,185
Total emissions (1+2+3)	GHG emissions (Tonnes CO ₂ -e)	▼ -25%	11,079	14,714	20,637

Scope 3 emissions reduction target

↓20%
reduction in business flights per full-time employee (FY25 vs FY19)

↓50%
absolute reduction in business flight carbon emissions (FY25 vs. FY19)

* Scope 1 emissions for FY20 have been re-baselined to reflect data on fuel usage by our fleet in Europe that was not available at time of reporting in FY20.

Business flights for staff based in Australia, Canada, China, France, Sweden, UK and US which is approximately 78% of our global workforce.

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- Our story
- About Cochlear
- 40 years of innovation
- CEO & President's message
- How we create value
- Our contribution to the SDGs
- A healthier and more productive society
- Empowered customers
- A lifetime of hearing solutions
- Thriving people
- Sustained value**
- GRI Index



PaperFoam® packaging

Improving resource efficiency

Cochlear does not have a significant waste profile but we will continue to identify ways to reduce waste going to landfill. Key focus areas are effective sorting of recyclable materials and waste avoidance. Waste and recycling performance and measurement differ across regions due to several factors, including local regulations and available infrastructure. Our Global Repair Centre in Kuala Lumpur has applied the concept of circularity and devotes significant resources to preserving and repairing products and recovering materials to drive social and environmental benefits. Since the beginning of this program, which was launched in 2019, the process has repaired and/or recovered over 8,000 sound processor units.

Cochlear continues to invest in innovation and sustainable product design. In our latest innovation to minimise energy consumption, our portfolio of rechargeable batteries has 40% longer battery life than the previous generation, providing up to 40 hours of battery life between charges.

We are also investing in responsible packaging. To minimise the environmental impact from packaging waste, in collaboration with local suppliers we have implemented recyclable PaperFoam® and biodegradable packaging across all our products.

We comply with the European Union (EU) Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which governs the use of heavy metals and halogenated compounds in electrical and electronic equipment. We also comply with the EU's regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) for the safe manufacture and use of chemical substances throughout their lifecycle.

Our current production processes use limited quantities of water, with the majority consumed through staff kitchens and bathrooms. We encourage responsible water consumption and continuously identify appropriate water-saving initiatives.

	% Change	2021	2020	2019
Water Intensity per (M3 water / M2 floor space)	-14%	0.49	0.56	0.55

Global Reporting Initiative (GRI) Index

GRI	Metric	Reference
1. Organizational profile		
102-1	Name	Cochlear Limited
102-2	Business	Company overview
102-3	Location	1 University Avenue, Macquarie University, NSW, 2109, Australia
102-4	Operations	Global offices
102-5	Ownership	2021 Annual Report
102-6	Markets served	2021 Annual Report p.16-17 Our company, Our mission and Cochlear at a glance
102-7	Scale of organization	2021 Annual Report p.16-17 Our company, Our mission and Cochlear at a glance
102-8	Employees	2021 Annual Report p.16-17 Our company, Our mission and Cochlear at a glance
102-9	Supply chain	2021 Sustainability Report p.46 Monitor and support human rights governance in our supply chain, p.47 Investing in social procurement
102-11	Precautionary Principle	Environmental Policy
102-12	External programs	2021 Sustainability Report
2. Strategy		
102-14	Senior Mgt	2021 Annual Report p.52-55 Executive team
102-15	Key risks	2021 Annual Report p.36-37 Business risks
3. Ethics and integrity		
102-16	Values, principles	Global Code of Conduct Company policies Our mission
102-17	Mechanisms for concerns	Global Code of Conduct
4. Governance		
102-18	Governance structure	2021 Corporate Governance Statement p.3-4 Structure and composition of the Board
102-19	Delegating authority	Board of Directors
102-20	Exec responsibility	Corporate Governance
102-22	Governance body	Board of Directors

GRI	Metric	Reference
4. Governance		
102-23	Chair	Board of Directors
102-24	Nomination	Constitution of Cochlear Limited Nomination Committee
102-25	Conflicts of interest	Global Code of Conduct Company policies
102-26	Governance role	Board committees
102-33	Communicating critical concerns	Continuous Disclosure Policy
102-34	Nature of critical concerns	No critical concerns
102-35	Remuneration	2021 Annual Report p.56-73 Remuneration Report
102-36	Remuneration process	2021 Annual Report p.56-73 Remuneration Report Performance Evaluation Process
102-37	Stakeholder involvement	
102-38	Total compensation	2021 Annual Report p.56-73 Remuneration Report
102-39	% increase	2021 Annual Report p.56-73 Remuneration Report
102-39	Board industry experience	2021 Corporate Governance Statement p.4-6 Board skills and experience, Board Skills Matrix
102-39	Average Tenure	2021 Corporate Governance Statement p.4 Board tenure and qualifications
102-39	Management Ownership	2021 Annual Report p.56-73 Executive KMP equity holdings and minimum shareholding
5. Stakeholder engagement		
102-41	Collective bargaining	Global Code of Conduct
6. Reporting practice		
102-45	Entities included	2021 Annual Report p.115-116 Controlled entities
102-46	Report content	2021 Sustainability Report p.2 About this report
102-47	Material topics	2021 Sustainability Report p.8-9 How we create value
102-50	Reporting period	1 July 2020 to 30 June 2021
102-51	Date of most recent report	August 2020
102-52	Reporting cycle	Annual
102-53	Contact point	Brooke O'Rourke, Director Government Affairs and Sustainability
102-55	GRI Content	Refer to this index
102-56	External assurance	Self-assurance only
102-56	Tax Strategy	2021 Tax Report p.3 Tax strategy and governance
102-56	Tax Reporting	2021 Tax Report p.6 Income taxes
102-56	Effective Tax Rate	2021 Tax Report p.8 Effective tax rates for Cochlear Limited Consolidated Worldwide Group

GRI	Metric	Reference
Management Approach		
103-1	Material topics	2021 Sustainability Report p.8-9 How we create value
103-2	Management approach	2021 Sustainability Report p.8-9 How we create value
103-3	Evaluation	2021 Sustainability Report p.8-9 How we create value
Economic Performance		
201-1	Direct economic value	2021 Annual Report p.2-3 How we create value
201-3	Defined benefit plan	2021 Annual Report p.95 Defined benefit plans
201-4	Government assistance	2021 Annual Report p.89 Other income
Procurement practices		
204	Management approach	Supplier Code of Conduct
Anti-Corruption		
205	Management approach	Global Code of Conduct Anti-Bribery Policy Statement 2021 Corporate Governance Statement p.13-14 Lawful, ethical and responsible behaviour
205-1	Risk assessment	Risk Management Policy 2021 Annual Report p.36-37 Business risks
205-2	Communication & training	2021 Corporate Governance Statement p.13-14 Global Code of Conduct
205-3	Reported incidents	No incident
Anti-Competitive Behaviour		
206	Management approach	Global Code of Conduct
Energy		
302-1	Energy consumption	2021 Sustainability Report p.52-54 Improving energy efficiency and reducing greenhouse gas emissions
302-2	Scope 3	2021 Sustainability Report p.53-54 Measuring, reporting on and developing strategies to reduce carbon emissions
302-3	Energy intensity	2021 Sustainability Report p.53-54 Measuring, reporting on and developing strategies to reduce carbon emissions
302-4	Reduction in consumption	2021 Sustainability Report p.52-54 Improving energy efficiency and reducing greenhouse gas emissions
Water and Effluents		
301-5	Water consumption	2021 Sustainability Report p.54 Improving resource efficiency
Emissions		
305	Management approach	2021 Sustainability Report p.52-54 Improving energy efficiency and reducing greenhouse gas emissions
305-1	Direct Scope 1	2021 Sustainability Report p.53 Total Scope 1 Emissions
305-2	Indirect Scope 2	2021 Sustainability Report p.53 Total Scope 2 Emissions
305-3	Other Scope 2	2021 Sustainability Report p.53 Total Scope 2 Emissions

GRI	Metric	Reference
Emissions		
305-4	Emissions intensity	2021 Sustainability Report p.53 Energy Intensity
305-5	Reduction	2021 Sustainability Report p.52-54 Improving energy efficiency and reducing greenhouse gas emissions
307-1	Non-compliance	2021 Sustainability Report p.51 Enhancing environmental management and compliance
Supplier Environmental Assessment		
308-1	Screening	Supplier Code of Conduct Global Modern Slavery Statement 2021 Sustainability Report p.46 Monitoring and supporting human rights governance in our supply chain
401	Management approach	2021 Sustainability Report p.38-42 Thriving People
401-1	Employee turnover	
401-2	Benefits	2021 Sustainability Report p.38-42 Thriving People
401-3	Parental leave	2021 Sustainability Report p.40-41 Fostering a diverse and inclusive workplace
	Staff Engagement Trend	2021 Sustainability Report p.39 Engaging and developing our people, p.40 Shaping our culture
Labour/Management Relations		
402	Management approach	Global Code of Conduct
403-1	WHS management system	2021 Sustainability Report p.42 Support wellness and safety of our teams
403-2	Risk assessment	2021 Annual Report p.36-37 Business risks
403-3	Health services	2021 Sustainability Report p.42 Support wellness and safety of our teams
403-4	Worker participation and consultation	2021 Sustainability Report p.42 Support wellness and safety of our teams
403-6	Promotion of health	2021 Sustainability Report p.42 Support wellness and safety of our teams
403-7	Prevention and mitigation	2021 Sustainability Report p.42 Support wellness and safety of our teams
403-8	Coverage	2021 Sustainability Report p.42 Support wellness and safety of our teams
403-9	Injuries	2021 Sustainability Report p.42 Support wellness and safety of our teams
Training and Education		
404	Management approach	2021 Sustainability Report p.39 Engaging and developing our people
404-2	Programs	2021 Sustainability Report p.39 Engaging and developing our people
Diversity and Equal Opportunity		
405	Management approach	Global Code of Conduct 2021 Sustainability Report p.40-41 Fostering a diverse and inclusive workplace
Non-Discrimination		
406	Management approach	Global Code of Conduct 2021 Sustainability Report p.40-41 Fostering a diverse and inclusive workplace
406-1	Incidents	No incident

GRI	Metric	Reference
Freedom of Association and Collective Bargaining		
407	Management approach	Global Code of Conduct Supplier Code of Conduct
Child Labour		
408	Management approach	Global Code of Conduct Supplier Code of Conduct Global Modern Slavery Statement 2021 Sustainability Report p.46 Monitoring and supporting human rights governance in our supply chain
408-1	Incidents	Modern Slavery Statement – No Incident
Forced of Compulsory Labour		
409	Management approach	Global Code of Conduct Supplier Code of Conduct Global Modern Slavery Statement 2021 Sustainability Report p.46 Monitoring and supporting human rights governance in our supply chain
409-1	Operations	Modern Slavery Statement – No Incident
Security Practices		
410	Management approach	Global Code of Conduct Supplier Code of Conduct
Human Rights Assessment		
412	Management approach	Global Code of Conduct Supplier Code of Conduct Global Modern Slavery Statement 2021 Sustainability Report p.46 Monitoring and supporting human rights governance in our supply chain
412-1	Operations and disclosure	Modern Slavery Statement – No Incident
Local Communities		
413	Management approach	Communities and Networks 2021 Sustainability Report p.13-36 A healthier and more productive society
Supplier Social Assessment		
414	Management approach	Global Code of Conduct Supplier Code of Conduct Global Modern Slavery Statement 2021 Sustainability Report p.46 Monitoring and supporting human rights governance in our supply chain, p.47 Investing in social procurement
Public Policy		
415	Management approach	Global Code of Conduct 2021 Sustainability Report p.48 Public policy engagement

GRI	Metric	Reference
Customer Health & Safety		
416	Management approach	2021 Sustainability Report p.34 Focusing on product quality and reliability Understand our Reliability Reporting
416-1	Safety assessment on products	Cochlear Nucleus Implant Reliability Report
416-2	Incidents	Cochlear Nucleus Implant Reliability Report
Marketing and Labelling		
417	Management approach	Global Code of Conduct
Customer Privacy		
418	Management approach	Privacy Policy Online Terms of Use
418-1	Data breach/Complaints on privacy	No incident 2021 Sustainability Report p.50 Strengthening data privacy and security
419	Management approach	Global Code of Conduct 2021 Sustainability Report p.45-46 Acting lawfully, ethically and responsibly
419-1	Non-compliance	No incident

Hear now. And always

As the global leader in implantable hearing solutions, Cochlear is dedicated to helping people with moderate to profound hearing loss experience a life full of hearing. We have provided more than 650,000 implantable devices, helping people of all ages to hear and connect with life's opportunities.

We aim to give people the best lifelong hearing experience and access to innovative future technologies. We have the industry's best clinical, research and support networks.

That's why more people choose Cochlear than any other hearing implant company.

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Please seek advice from your health professional about treatments for hearing loss. Outcomes may vary, and your health professional will advise you about the factors which could affect your outcome. Always read the instructions for use. Not all products are available in all countries. Please contact your local Cochlear representative for product information.

Views expressed are those of the individual. Consult your health professional to determine if you are a candidate for Cochlear technology.

The Cochlear Nucleus Smart App is available on App Store and Google Play. The Cochlear Nucleus 7 Sound Processor is compatible with Apple and Android devices, for compatibility information visit www.cochlear.com/compatibility.

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