



**Cochlear**<sup>®</sup>  
Hear now. And always

# Cochlear Modern Slavery Statement 2022

# Our story

For over 40 years Cochlear has been bringing people all over the globe into the world of sound.

Professor Graeme Clark, an Australian ear surgeon, saw first-hand the isolation and frustration that comes from living in a world of silence as his father struggled with hearing difficulties. On holiday in 1977, fiddling with a shell and a blade of grass, Graeme realised there was a safe way to insert electrodes into the inner ear. It was Graeme's determination to help others that realised our first implantable solution, reconnecting Rod Saunders to hearing and bringing music into his life.

Today, Cochlear is the leader in implantable hearing solutions, connecting hundreds of thousands of people globally to a life full of hearing. The pioneering spirit that started Cochlear all those years ago continues to drive us forward and our commitment is stronger than ever. We're transforming the way people understand and treat hearing loss, and we're committed to reaching more people to provide support for a lifetime of hearing.

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## About this statement

This joint modern slavery statement has been prepared by Cochlear Limited (ACN 002 618 073) on behalf of itself and Cochlear German Holdings Pty Limited (ACN 134 635 251) (**CGHPL**) as reporting entities under the *Modern Slavery Act 2018* (Cth) and on behalf of Cochlear Europe Limited (**CEL**) as a 'commercial organisation' under the United Kingdom's *Modern Slavery Act 2015*. It describes the approach and actions taken by Cochlear Limited, CGHPL, and their controlled entities including CEL (**Cochlear**) to assess and address modern slavery risks in their operations and supply chains during the financial year ended 30 June 2022 (**FY22**).



# Cochlear's structure and operations

Cochlear Limited is the parent company of the Cochlear group and commenced operations in 1981 as part of the Nucleus group.

In 1995, Cochlear Limited listed on the Australian Securities Exchange, and is a top 50 listed Australian company. CGHPL is a wholly-owned Australian subsidiary within the Cochlear group and is a parent company for a number of Cochlear subsidiaries incorporated in Europe.

Cochlear's 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 close to 4,500 employees. Cochlear operates manufacturing facilities and/or research & development (**R&D**) centres in Australia, Belgium, China, Malaysia and Sweden.

Cochlear develops, manufactures, and markets various hearing solutions for people with moderately severe to profound hearing loss including those with conductive hearing loss, mixed hearing loss and single-sided deafness. More than 700,000 Cochlear implant devices have been provided for 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 prior generations of recipients. We invest around 12% of sales revenue each year in R&D, with over \$2 billion invested since listing, and participate in over 100 collaborative research programs worldwide.

Cochlear's global headquarters in Sydney is primarily responsible for global supply chain management and for implementing key procurement policies and procedures for our major manufacturing sites. Screening and risk-based assessment of modern slavery risks for the Cochlear group are also largely coordinated by Cochlear's global headquarters. Activities relating to the marketing, distribution and sales of Cochlear's products and services are managed and executed by Cochlear's regional subsidiaries that are entities controlled by Cochlear Limited.



# Cochlear's Supply Chains

Cochlear relies on its global network of suppliers to support its manufacturing, R&D, and business operations.

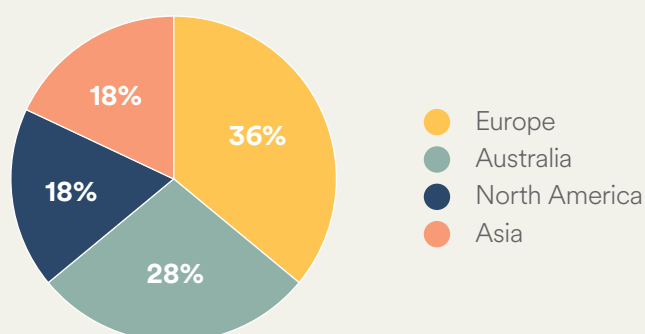
During FY22, Cochlear worked with over 600 external suppliers which provided a diverse range of products and services such as electronic components, batteries, precious metals, metal injection moulded components, transport and freight to support our manufacturing and R&D activities (**Production-related Suppliers**).

In the same period, Cochlear also engaged more than 2,500 external suppliers to enable and support Cochlear's business activities and corporate functions (**Non-production-related Suppliers**).

We have a significant degree of oversight with respect to our Production-related Suppliers, given our centralised management of procurement processes for manufacturing sites and given our need to carefully select, evaluate, monitor and tightly control the quality of inputs used in manufacturing, packaging and transporting our products. Set out below is a table outlining our top 10 sourcing locations by spend during FY22 with our Production-related Suppliers, and an overview of the key categories of products or services procured from each location.

Location	Key categories of products or services externally procured
1 Australia	Precious Metal Components, Acoustic Components, Metal Machined Components
2 United States	Batteries, Electronic Assemblies
3 Switzerland	Batteries, Printed Circuit Boards, Metal Machined Components
4 China	Parts Plastic Moulded, Electronic Assemblies, Printed Circuit Boards
5 Hong Kong	Finished Goods Electronic Assemblies, Metal Injection Moulded Components
6 Germany	Electronic Assemblies, Metal Stamped Components
7 Sweden	Adhesives, Gaskets, Accessories
8 Denmark	Electronic Assemblies
9 Netherlands	Electronics Integrated Circuits
10 Belgium	Electronics Integrated Circuits

Percentage of Cochlear's spend by locations of Production related Suppliers

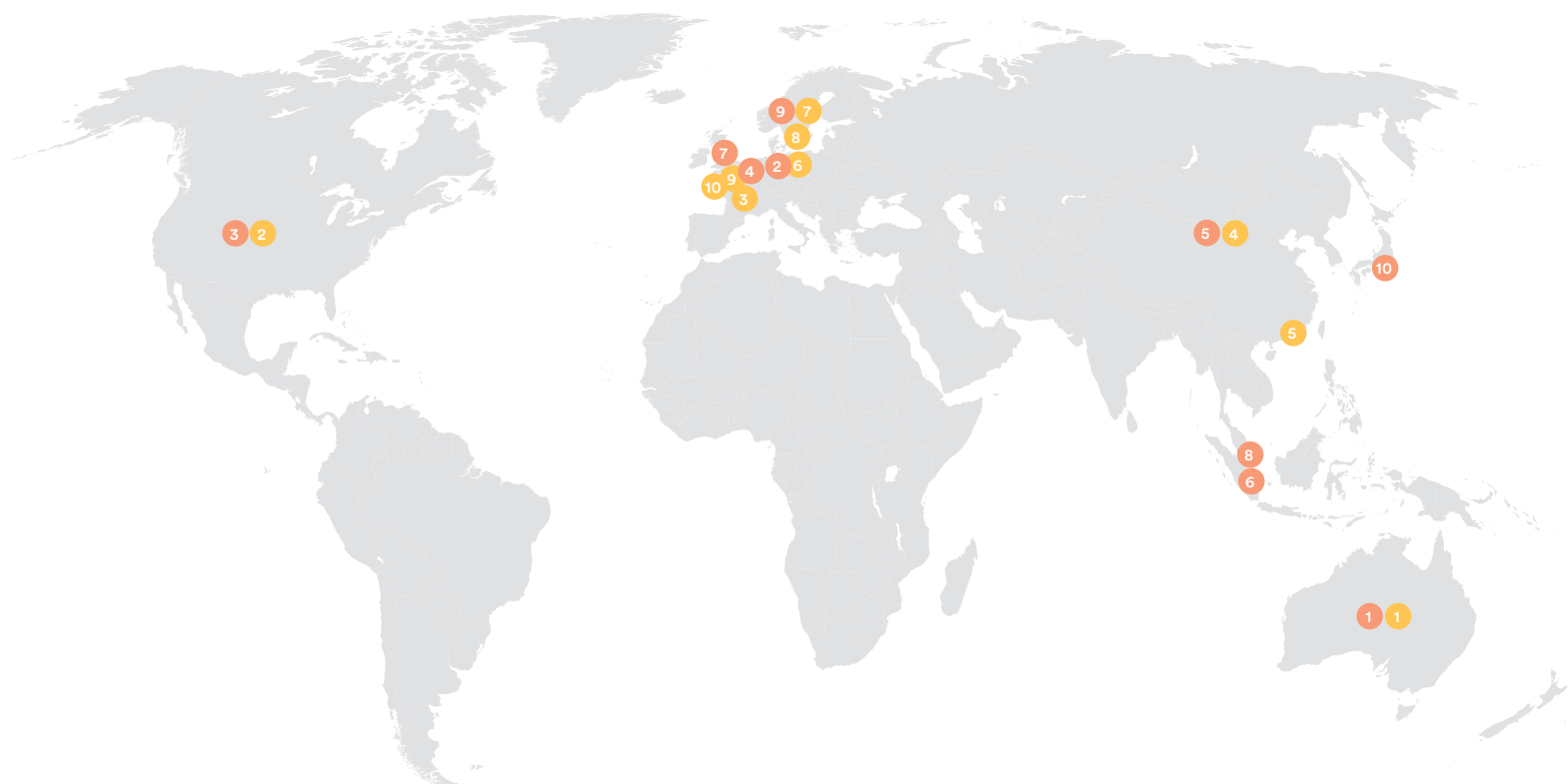




Cochlear's headquarters in Sydney provide centralised oversight and management for the procurement of goods and services from Non-production-related Suppliers. However, a significant portion of the purchasing from Non-production-related Suppliers is undertaken by the teams and departments in various regions and functions in a more decentralised manner,

owing to the breadth of our business and the number of locations in which Cochlear's marketing, distribution and sales functions operate. Set out below is a table outlining our analysis on top 10 sourcing locations by spend during FY22 with our Non-production-related Suppliers, and an overview of key categories of products or services procured from each location.

Location	Key categories of products or services supplied
1 Australia	Corporate Services, Consulting, Facilities, IT (Software, Hardware/Consultants), Transport & Freight
2 Germany	Corporate Services, Consulting, Facilities, Construction, Promotional, Conference
3 United States	Corporate Services, Consulting, Facilities, Transport & Freight, Conference
4 Belgium	Corporate Services, Consulting, Facilities
5 China	Corporate Services, Consulting, Facilities, Construction
6 Malaysia	Corporate Services, Consulting, Facilities, Transport & Freight
7 United Kingdom	Corporate Services, Consulting, Facilities, Transport & Freight, Conference
8 Singapore	Corporate Services, Consulting
9 Sweden	Corporate Services, Consulting, Facilities
10 Japan	Corporate Services, Consulting, Facilities, Construction, Promotional, Conference



# Modern slavery risks in Cochlear’s operations and supply chains

Cochlear takes a risk-based approach to identifying and addressing the extent to which it may contribute to, cause or be linked to modern slavery risks in its operations and supply chain.

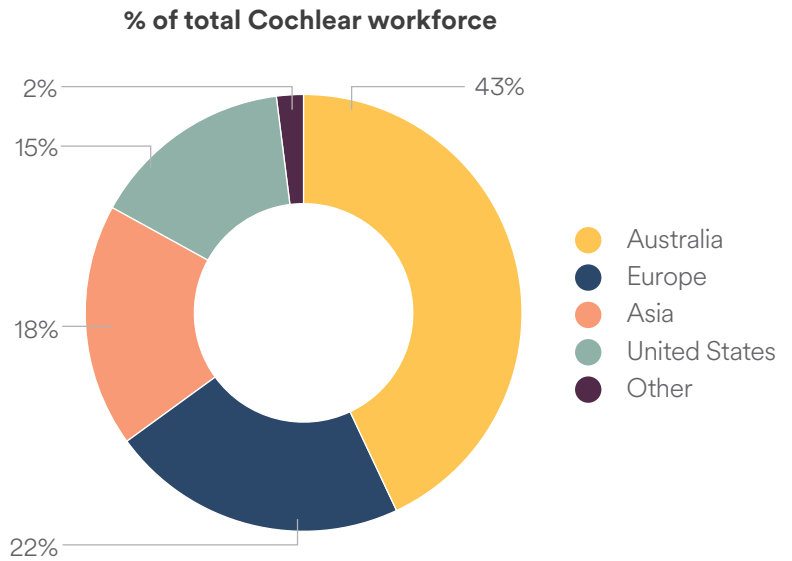
## Operations

Cochlear Limited exercises management control and oversight over all of our manufacturing and R&D operations, and has in place group-wide policies, a risk management system, and compliance controls. In addition, Cochlear’s employee onboarding process for foreign workers at our manufacturing operations in Malaysia and China involve an additional check undertaken by an external provider to verify the candidates’ identities and working rights in the country of employment.

## Supply Chain

We use internationally recognised tools and resources such as the Global Slavery Index and KnowTheChain to establish a risk assessment framework for identifying suppliers with a high modern slavery risk exposure.

In reference to these tools and resources as well as internally established guidelines, Cochlear assesses supplier risk having regard to a number of criteria that take into account our spend with the supplier, geographic, sector/industry and product/services risks. In FY22, we have undertaken a risk assessment of suppliers with whom our annual spend is greater than AUD\$75,000 and have identified potential risk exposures as set out in the table below:



Type	Criteria	Examples of potential risk exposures identified
<b>Social risks based on sourcing country’s record on human rights &amp; labour rights</b>	High country risk based on internationally recognised sources such as the Global Slavery Index and KnowTheChain	A number of suppliers based in Asia Pacific region were identified as potentially high risk
<b>Sector risks based on sourcing categories</b>	Guidance from Department of Home Affairs, UK Home Office and KPMG Modern Slavery Guide	A number of suppliers providing goods or services in high-risk sourcing categories such as electronic components, precious metals, contract manufacturers and facility services were identified as potentially high risk







# Actions taken to assess and address modern slavery risks

## Due diligence

Within our own operations, Cochlear sets the 'tone at the top' by continually reinforcing a culture of acting lawfully, ethically and responsibly. Our Global Code of Conduct (**Code**) which sets out the required conduct of all Cochlear Representatives in a way that is consistent with being a good global corporate citizen, is endorsed and supported by the Board and senior management. The Code affirms Cochlear's commitment to ensuring there are no modern slavery practices in its operations and supply chains and encourages all Cochlear Representatives to reach out and ask questions if they identify any incidents of suspected human rights issues, including modern slavery. During FY22, Cochlear conducted mandatory comprehensive training on its Global Code of Conduct, including on modern slavery risks, for all new staff including for Cochlear's regional subsidiaries.

Cochlear continues to work with its suppliers to enhance their compliance with Cochlear's expectations and standards set out in the Supplier Code of Conduct in relation to labour rights, safety and wellbeing, environmental sustainability and ethical trading. The Supplier Code of Conduct is given effect through our supplier onboarding process and legal agreements with suppliers.

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.





Cochlear has a suite of policies and procedures that support its efforts to screen, assess and manage the risks of modern slavery risks in its supply chain. New suppliers that provide products or services that are critical to our manufacturing and R&D activities are screened for major governance, human rights and environmental risks. As part of this screening process,

any supplier deemed to carry a high governance, human rights and environmental risk based on internally established standards and thresholds are required to undergo a more detailed Environmental Social Governance (**ESG**) risk assessment.

## Our policy framework at-a-glance

Policy	Type	Purpose
<b>Global Procurement Policy</b>	Business-wide policies and procedures	Cochlear's Global Procurement Policy requires all Cochlear employees to take into account environmental and social issues when procuring goods and services.
<b>Whistleblower Protection Policy</b>	Business-wide policies and procedures	Cochlear's Whistleblower Protection Policy aims to promote a culture of acting lawfully, ethically and responsibly by enabling Eligible Protected Persons to confidentially report suspected or actual misconduct in relation to Cochlear, without fear or reprisal, victimisation or disadvantage.
<b>Global Code of Conduct</b>	Operational policies and procedures	Cochlear's Global Code of Conduct outlines expectations of Cochlear Representatives in the way in which they must conduct business lawfully, ethically and responsibly.
<b>Supplier Code of Conduct</b>	Supply chain policies and procedures	Cochlear's Supplier Code of Conduct outlines Cochlear's expectations on our suppliers regarding standards of behaviour in relation to human rights, corporate governance, ethics, safety and sustainability.

Existing suppliers are subject to an annual review based on country of origin, sourcing category and spend. During FY22, we have undertaken an enhanced risk assessment with suppliers with whom our annual spend exceeds a monetary threshold (AUD\$75,000 for FY22) and where a potential risk exposure has been identified. Production-related Suppliers newly identified with a potential high risk exposure were asked to complete a self-assessment supplier questionnaire in order for Cochlear to measure their

modern slavery and other ESG related risks. The topics covered in the questionnaire include labour rights, safety and well-being, environment and sustainability, ethical trading, and ESG-related management.

For high-risk Non-production-related Suppliers, it is our practice to require the same self-assessment to be completed by suppliers during the relevant tender process for the provision of goods or services to Cochlear.

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## Remediation

Cochlear is committed to creating and maintaining a lawful, ethical and responsible working environment that promotes good corporate governance. Cochlear's Whistleblower Protection Policy empowers Eligible Protected Persons – including current and former suppliers and employees of suppliers – to report any suspected or actual misconduct in relation to Cochlear, including any suspected instances of modern slavery. The Whistleblower Protection Policy is available on Cochlear's website in English and other languages relevant for our global business.

The Cochlear Whistleblower Service is an externally operated confidential service, available anywhere in the world, at any time through which Eligible Protected Persons including current and former suppliers and employees of suppliers are able to anonymously (subject to local laws and regulations) submit reports of any breach of law, regulation or Cochlear policy or procedure including for any breaches of Cochlear's Global Code of Conduct and the Supplier Code of Conduct. The Group General Counsel is notified of each report submitted through the Cochlear Whistleblower Service.

If Cochlear identifies any practices of concern at a supplier, it will work with the relevant supplier to provide support and take appropriate measures to ensure that the supplier's practices are aligned with Cochlear's standards and expectations as set out in the Supplier Code of Conduct. Suppliers are required under the Supplier Code of Conduct to have a robust corrective action process to drive improvement in safety, sustainability, labour standards and ethical trading principles. Ongoing or repeated non-compliance with the Supplier Code of Conduct may activate a review of the supplier's commercial relationship with Cochlear, and non-compliance of a serious nature or repeated breaches of our Supplier Code of Conduct may result in Cochlear taking further action including but not limited to terminating the supply relationship with the Supplier.

## Assessing the effectiveness of actions being taken

Cochlear undertakes an annual ESG review of its supply chains and procurement activities to ensure appropriate ESG risk screening and any remedial actions are being undertaken. This annual review also includes assessing the ongoing effectiveness of Cochlear's current processes in identifying and addressing modern slavery and other ESG risks. For example, the annual review undertaken during FY22 resulted in the lowering of the spend threshold for

assessing suppliers for potential modern slavery and other ESG risk exposures.

During FY22, Cochlear has documented its Supplier Environmental, Social and Governance Risk Assessment Procedure which outlines how Cochlear assesses, manages and mitigates modern slavery and other ESG risks in our supply chain. The procedure also governs Cochlear's review of ESG risks and actions, and for ongoing evaluation of opportunities to improve the assessment, treatment, monitoring and review of ESG risks.

Also in FY22, Cochlear completed its comprehensive Sustainability Materiality Assessment. The process was informed by a market scan of key sustainability trends, benchmarking against industry peers, and stakeholder engagement to identify the most significant sustainability topics for our business and our stakeholders. The output from this assessment was a list of twelve material topics, including 'ethical and sustainable supply chain', which reflect our business strategic priorities and drives Cochlear's approach to sustainability. Please refer to the Cochlear Limited 2022 Sustainability Report for further details.

## Consultation

This Statement was prepared by a working group of members from Cochlear Limited's Group Risk & Assurance, Legal, People & Culture, Global Supply Chain, and Sustainability teams who manage or advise on Cochlear's activities with respect to identifying and addressing modern slavery risks. Representatives from management teams responsible for providing overall oversight and management of entities which Cochlear Limited owns or controls were consulted and given an opportunity to provide input and feedback during the development of this Statement. The Statement was presented to Cochlear Limited's Audit & Risk Committee for review which was also provided an outline of the reporting requirements under the Modern Slavery Act 2018 (Cth). Finally, the Statement was presented to the Board of Cochlear Limited for final review and approval.

**This Statement was approved by the Board of Directors of Cochlear Limited on 12 December 2022.**



**Dig Howitt**  
**Chief Executive Officer and President**  
**Director of Cochlear Limited**





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## United Nations Global Compact

In May 2022, Cochlear joined the United Nations Global Compact (UNGC) supporting the Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

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# Hear now. And always

Cochlear is dedicated to helping people with moderate to profound hearing loss experience a world full of hearing. As the global leader in implantable hearing solutions, we have provided more than 700,000 devices and helped 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 next generation technologies. We collaborate with leading clinical, research and support networks to advance hearing science and improve care.

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

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[www.cochlear.com](http://www.cochlear.com)

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.

Cochlear, Hear now. And always, Nucleus, Kanso, Baha, Osia, the elliptical logo, and marks bearing an ® or ™ symbol, are either trademarks or registered trademarks of the Cochlear group of companies (unless otherwise noted).

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