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Cochlear Limited  
**Notice of Annual  
General Meeting  
2022**

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of the members of Cochlear Limited (the Company or Cochlear) will be held on Tuesday 18 October 2022 at 10:00am (AEDT) as a hybrid meeting at Cochlear Global Headquarters, 1 University Avenue, Macquarie University NSW 2109 and online at <https://meetnow.global/MC2X4UG>.

## Business of the meeting

### Ordinary business

#### 1. Financial and other reports

To receive and consider the Company's Financial report, the Directors' report and the Auditor's report in respect of the financial year ended 30 June 2022 and to consider and, if thought fit, to pass the following resolution:

1.1 "THAT the Company's Financial report, the Directors' report and the Auditor's report in respect of the financial year ended 30 June 2022 be received."

Note: An explanation of the proposed resolution is set out at Item 1 of the Explanatory Notes attached to this Notice of Annual General Meeting.

#### 2. Remuneration report

To consider and, if thought fit, to pass the following non-binding resolution:

2.1 "THAT the Company's Remuneration report in respect of the financial year ended 30 June 2022 be adopted."

**Voting exclusion statement:** The Company will disregard any votes cast on this resolution: (a) by or on behalf of a member of the key management personnel (KMP) named in the Remuneration report for the financial year ended 30 June 2022, or that KMP's closely related party, regardless of the capacity in which the vote is cast; and (b) as a proxy by a member of the KMP as at the date of the meeting, or that KMP's closely related party, unless the vote is cast as a proxy for a person who is entitled to vote on this resolution: (i) in accordance with their directions on how to vote as set out in the proxy appointment; or (ii) by the Chair pursuant to an express authorisation on the proxy/voting form.

Note: An explanation of the proposed resolution is set out at Item 2 of the Explanatory Notes attached to this Notice of Annual General Meeting.

#### 3. Re-election and election of Board endorsed directors

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

3.1 "THAT Ms Yasmin Allen, being a director who is retiring in accordance with the Company's Constitution and who, being eligible, offers herself for re-election as a director of the Company, be re-elected as a director of the Company."

3.2 "THAT Mr Michael del Prado, being a director who is retiring in accordance with the Company's Constitution (this being the first Annual General Meeting of the Company since his appointment by the directors) and who, being eligible, offers himself for election as a director of the Company, be elected as a director of the Company."

3.3 "THAT Ms Karen Penrose, being a director who is retiring in accordance with the Company's Constitution (this being the first Annual General Meeting of the Company since her appointment by the directors) and who, being eligible, offers herself for election as a director of the Company, be elected as a director of the Company."

Note: An explanation of the proposed resolutions is set out at Item 3 of the Explanatory Notes attached to this Notice of Annual General Meeting.

### Special business

#### 4. Approval of long-term incentives to be granted to the CEO & President

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

4.1 "THAT approval be given for all purposes for the grant to Mr Dig Howitt, the Company's CEO & President, of options and performance rights as his long term incentive award for the financial year ending 30 June 2023 under the Cochlear Equity Incentive Plan, as set out in the Explanatory Notes to this Notice of Annual General Meeting."

**Voting exclusion statement:** The Company will disregard any votes cast: (a) in favour of this resolution by or on behalf of Mr Howitt or an associate of Mr Howitt, regardless of the capacity in which the vote is cast; and (b) on this resolution as a proxy by a member of the KMP at the date of the meeting, or that KMP's closely related

party, unless the vote is cast by: (i) a person as proxy or attorney for a person who is entitled to vote on this resolution in accordance with their directions of how to vote as set out in the proxy/voting form; (ii) by the Chair as proxy for a person who is entitled to vote on this resolution in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that: (A) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this resolution; and (B) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Note: An explanation of the proposed resolution is set out at Item 4 of the Explanatory Notes attached to this Notice of Annual General Meeting.

## 5. Approval to increase the maximum aggregate remuneration of Non-executive Directors

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

5.1 "THAT the aggregate maximum sum available for remuneration of Non-executive Directors is increased by \$500,000 per financial year to \$3,500,000 per financial year."

**Voting exclusion statement:** The Company will disregard any votes cast in favor of this resolution by or on behalf of: (a) a director of the Company; or (b) an associate of a director of the Company, regardless of the capacity in which the vote is cast, unless the vote is cast as a proxy for a person who is entitled to vote on this resolution: (i) in accordance with their directions on how to vote as set out in the proxy appointment; or (ii) by the Chair pursuant to an express authorisation on the proxy/voting form; or (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that: (A) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this resolution; and (B) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way. Further, in accordance with the Corporations Act 2001 (Cth), a member of KMP and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chair of the meeting can vote undirected proxies, provided the proxy/voting form expressly authorises the Chair to do so.

Note: An explanation of the proposed resolution is set out at Item 5 of the Explanatory Notes attached to this Notice of Annual General Meeting. The additional disclosures for this resolution

required by ASX Listing Rule 10.17 are set out at Item 5 of the Explanatory Notes attached to this Notice of Annual General Meeting.

The Explanatory Memorandum form part of this Notice of Meeting.

By order of the Board



Ray Jarman

Company Secretary

Dated: 16 September 2022

# Explanatory Notes

## Item 1. Financial and other reports

As required by section 317 of the Corporations Act 2001 (Cth) (Act), the Company's Financial report, the Directors' report and the Auditor's report for the financial year ended 30 June 2022 (FY22) will be laid before the AGM. There is no requirement for a formal resolution on this Item; however, it is the Company's practice to do so.

### **Resolution 1.1 – directors' recommendation**

The Directors recommend that shareholders vote in favour of the resolution.

The Chair intends to vote all available proxies in favour of the resolution.

## Item 2. Remuneration report

As required by section 250R(2) of the Act, a resolution that the Remuneration report of the Company for FY22 be adopted will be put to a vote. The Remuneration report is contained in the Directors' report in the Company's 2022 Annual Report. The Annual Report is available on the Company's website ([www.cochlear.com](http://www.cochlear.com)).

The Remuneration report explains the structure of and policy behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance. The Remuneration report also sets out remuneration details for each director and for KMP. A reasonable opportunity will be provided for discussion of the Remuneration report at the AGM. Although there is a requirement for a formal resolution on this Item, by operation of section 250R(3) of the Act, the resolution is advisory only and does not bind the directors or the Company.

The Board believes Cochlear's approach to Board and executive KMP remuneration is a balanced, fair and equitable approach. The Company's executive remuneration practices are designed to reward and motivate a successful and experienced executive team to deliver ongoing business growth which meets the expectations of all shareholders. The Board welcomes feedback from shareholders on Cochlear's remuneration practices.

### **Resolution 2.1 – directors' recommendation**

The Non-executive Directors recommend that shareholders vote in favour of the resolution.

Voting exclusions apply to this resolution as specified in the Notice of Annual General Meeting.

The Chair intends to vote all available proxies in favour of the resolution.

## Item 3. Re-election and election of Board endorsed directors

Pursuant to Rule 8.1(d) of the Company's Constitution, a director (excluding the Managing Director, namely Mr Dig Howitt) must not hold office without re-election beyond the third AGM following the meeting at which he or she was last elected or re-elected. Ms Yasmin Allen is retiring at this AGM and standing for re-election in accordance with Rule 8.1(d).

Pursuant to Rule 8.1(b) of the Company's Constitution, the directors have the power to appoint any person as a director, either as an addition to the existing directors or to fill a casual vacancy. In accordance with Rules 8.1(c) and Rule 8.1(f), any person appointed as a director pursuant to Rule 8.1(b) (excluding the Managing Director, namely Mr Dig Howitt) must submit him or herself for election no later than at the next AGM following his or her appointment. Mr Michael del Prado and Ms Karen Penrose were appointed by the Board as directors of the Company with effect from 1 January 2022 and 1 July 2022 respectively. Accordingly, Mr Michael del Prado and Ms Karen Penrose are retiring at this AGM and are standing for election.

### Ms Yasmin Allen

#### Non-executive Director

BCom, FAICD



Appointed to the Board 2 August 2010: Chair of the Audit & Risk Committee. Member of the People & Culture, Nomination and Technology & Innovation Committees.

Background: Extensive career in investment banking with senior roles in strategic analysis and corporate advice. Former Vice President of Deutsche Bank AG, Director of ANZ Investment Bank and Associate Director of HSBC London.

Other boards: Chair of Australian Federal Government Steering Group for Digital Skills Organisation and Tic:Toc Home Loans. Director, Santos Limited, ASX Limited, QBE Insurance Group Limited and The George Institute for Global Health. Acting President Australian Government Takeovers Panel.

Former directorships: Insurance Australia Group Limited and National Portrait Gallery. National director of the Australian Institute of Company Directors. Member of The Salvation Army Advisory Board. Chair of Macquarie Specialised Asset Management, Faethm.org and Advance (Global Australian Network).

#### **Resolution 3.1 – directors' recommendation**

Having reviewed Ms Allen's performance, the Board considers that she continues to make a valuable contribution to the Board. Ms Allen brings to the Board extensive experience in the finance and banking industries and audit and risk expertise. Ms Allen's skills and experience are particularly valuable in her role as Chair of the Audit & Risk Committee.

In accordance with the assessment on independence for Non-executive Directors, the Board and the Nomination Committee (with Ms Allen abstaining) has determined that Ms Allen remains independent.

The Board (other than Ms Yasmin Allen) recommends that shareholders vote in favour of the resolution.

The Chair intends to vote all available proxies in favour of the resolution.

### Mr Michael del Prado

#### Non-executive Director

BSc Industrial Engineering,  
MBA, MA



Appointed to the Board 1 January 2022: Member of the Medical Science, Nomination and Technology & Innovation Committees.

Background: Over 34 years' global experience in the medical device and pharmaceutical industries with senior executive leadership roles in Johnson & Johnson medical device businesses in the US, Asia-Pac and EMEA. Former Company Group Chairman of Ethicon, the world's largest and most comprehensive surgical company.

Other boards: Ambu A/S

Former directorships: Co-lead Director, Verb Surgical. Advisory Board, Singapore Management University Lee Kong Chian School of Business.

#### **Resolution 3.2 – directors' recommendation**

The Board has reviewed Mr del Prado's performance since his appointment to the Board and considers that his skills and experience will continue to enhance the Board's ability to perform its role. Appropriate background checks were completed before Mr del Prado was appointed to the Board.

In accordance with the assessment on independence for Non-executive Directors, the Board and the Nomination Committee (with Mr del Prado abstaining) has determined that Mr del Prado is an independent Non-executive Director.

The Board (other than Mr Michael del Prado) recommends that shareholders vote in favour of the resolution.

The Chair intends to vote all available proxies in favour of the resolution.

## Ms Karen Penrose

### Non-executive Director

BCom, CPA, FAICD



Appointed to the Board 1 July 2022: Member of the Audit & Risk, Nomination and Technology & Innovation Committees.

Background: Extensive executive career in senior leadership and Chief Financial Officer roles in financial services. A highly respected company director, having served on the boards of a number of ASX100 companies and experienced across health care, financial services, property and infrastructure industries.

Other boards: Director, Ramsay Health Care Limited, Estia Health Ltd and Bank of Queensland Limited. Director, Ramsay Sante (associated with Karen's directorship of Ramsay Health Care Limited), Rugby Australia and Marshall Investments.

Former directorships: Include Director, Spark Infrastructure Group and Vicinity Centres.

#### **Resolution 3.3 – directors' recommendation**

The Board has reviewed Ms Penrose's performance since her appointment to the Board and considers that her skills and experience will continue to enhance the Board's ability to perform its role. Appropriate background checks were completed before Ms Penrose was appointed to the Board.

In accordance with the assessment on independence for Non-executive Directors, the Board and the Nomination Committee (with Ms Penrose abstaining) has determined that Ms Penrose is an independent Non-executive Director.

The Board (other than Ms Karen Penrose) recommends that shareholders vote in favour of the resolution.

The Chair intends to vote all available proxies in favour of the resolution.

#### **Item 4. Approval of long-term incentives to be granted to the CEO & President**

##### **Why is shareholder approval being sought?**

The Cochlear Equity Incentive Plan (CEIP) requires that any shares to be delivered to a director upon the exercise of options or performance rights that are issued under the

CEIP after 21 July 2015 must be existing shares acquired on the market. Accordingly, an exception to Australian Securities Exchange (ASX) Listing Rule 10.14 applies. Notwithstanding this, the Company intends to seek approval for the grant of CEIP long-term incentive (LTI) awards to the CEO & President as it is the Company's practice to do so and for good corporate governance.

If shareholder approval is not obtained, then, subject to the achievement of the performance conditions described in these explanatory notes, Mr Howitt will receive a cash payment at the end of the four (4) year performance period in August 2026 equivalent in value to the LTI he would have received had shareholder approval been obtained.

##### **Terms of the CEIP LTI**

**Purpose:** The CEIP LTI is designed to reward participants for the long-term growth of the Company.

**Structure:** For the financial year ending 30 June 2023 (FY23), Mr Dig Howitt receives a combination of 50% options and 50% performance rights (being rights to subscribe for or be allocated or receive the transfer of ordinary shares in the Company).

The CEIP rules permit the Company to satisfy its obligation to deliver shares under options or performance rights through an employee share trust.

Each option or performance right entitles Mr Howitt to receive the transfer of one ordinary share in the capital of the Company, subject to certain vesting restrictions.

Approval is being sought from shareholders for the FY23 grant of options and performance rights to Mr Howitt under the CEIP LTI. If shareholders approve the grant of options and performance rights to Mr Howitt in accordance with the proposed resolution, the Company will issue the options and performance rights within five (5) business days of the Company's 2022 AGM.

The Company uses options and performance rights because they create long-term alignment between the interests of the Company's executives and ordinary shareholders but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the options and performance rights vest. Options and performance rights are also used to incentivise the Company's executive team towards long-term sustainable growth of the business.

The options will be granted for nil consideration with an exercise price of A\$216.33, being the weighted average price of ordinary shares in the Company traded on the ASX during the five (5) business day period commencing the business day after the release of the Company's FY22

full year results on 19 August 2022, payable on exercise of the options.

Performance rights are granted for nil consideration with a nil exercise price.

**Mr Howitt's total remuneration package for FY23**

Mr Howitt's total remuneration package for FY23 includes:

Fixed remuneration	A\$2,022,046
Target short-term incentive	A\$1,966,500
Maximum long-term incentive	A\$2,458,125

Shareholders are referred to the Remuneration report for full details of Mr Howitt's remuneration.

**Other information**

Mr Howitt is the only director entitled to participate in the CEIP.

Mr Howitt has previously received 149,815 options (for nil consideration) and 19,612 LTI performance rights (at no cost) under the CEIP from and including FY18 when he was appointed as a director. Of these 52,024 options and 3,072 LTI performance rights have lapsed.

There is no loan in relation to the options or performance rights.

Details of any securities issued under the CEIP will be published in the Company's 2023 Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of shares under the CEIP after this resolution is approved and who are not named in this Notice of Annual General Meeting will not participate until approval is obtained under that rule.

**Vesting restrictions:** The options and performance rights are subject to vesting restrictions, which will ultimately determine the final number of options and performance rights which will be exercisable. The relevant vesting restrictions for the FY23 offers are:

- the options and performance rights will not vest before the full year results are announced in 2026. Mr Howitt will be unable to exercise the options and performance rights before they vest unless the Board decides to allow early exercise pursuant to the CEIP rules. Should Mr Howitt cease to be an employee of Cochlear or a related body corporate due to termination for cause or resignation, all unvested options and performance rights will lapse. If cessation occurs for any other reason, the unvested options and performance rights will remain on foot and will

- be tested in the ordinary course. In each case, the Board has discretion to determine otherwise; and the performance of the Company from 1 July 2022 to 30 June 2026 in terms of compound annual growth in basic earnings per share (EPS) and in terms of relative total shareholder return (TSR) as measured against the ASX 100 comparator group, each according to the table set out below. Half of the offer will be assessed against basic EPS growth and the other half using relative TSR, as follows:

Compound annual growth rate of basic EPS over the four (4) year vesting period		Ranking of TSR against ASX 100 comparator group over the four (4) year vesting period	
Performance	% vesting	Performance	% vesting
< 7.5%	0%	< 50 <sup>th</sup> percentile	0%
7.5% to 12.5%	50% to 100% (pro-rata)	50 <sup>th</sup> to 75 <sup>th</sup> percentile	40% to 100% (pro-rata)
> 12.5%	100%	> 75 <sup>th</sup> percentile	100%

**Calculation of the number of securities to be granted to Mr Howitt under the CEIP LTI for FY23**

**Assumptions:**

The value of the offer is A\$2,458,125, which is 125% of Mr Howitt's base salary in FY23.

- The Company has received an independent valuation of options and performance rights using the Black-Scholes-Merton model to estimate the 'gross contract value' of each security as at 26 August 2022 with a closing share price of A\$214.85. The 'gross contract value' discounts for dividends not paid, share price volatility and the risk free rate of return. There is no discount for the likelihood of service or performance conditions. The value of an option is defined below and is A\$64.39. The value of a performance right is defined below and is A\$203.44.
- The number of options and performance rights to be granted is calculated as:

<b>Total value of offer (TVO)</b>	<b>A\$2,458,125</b>
Components	Options and performance rights
Option value (OV)	A\$64.39
Performance right value (PV)	A\$203.44

Number of options and performance rights

$$= \frac{TVO \times 50\%}{OV} + \frac{TVO \times 50\%}{PV}$$

$$= \frac{A\$1,229,063}{A\$64.39} + \frac{A\$1,229,063}{A\$203.44}$$

$$= 19,087 \text{ options and } 6,041 \text{ performance rights}$$

where:

TVO = the total value of the offer made to the participant under the CEIP LTI (expressed in Australian dollars), which is a percentage of fixed remuneration of the participant;

OV = the value of an option, based on the Black-Scholes-Merton value before service or EPS and TSR performance discounts; and

PV = the value of a performance right, based on the Black-Scholes-Merton value before service or EPS and TSR performance discounts.

Exercise price (options)	A\$216.33
Exercise price (performance rights)	Nil
Expected volatility (options)	29.81%
Expected volatility (performance rights)	33.50%
Expected contract life (options)	6.07 years
Expected contract life (performance rights)	3.98 years
Expected dividend yield	1.37%
Risk free interest rate	3.28%

#### **Other terms of the CEIP**

**Eligibility:** Persons who are permanent full-time or part-time employees of the Company or a related body corporate of the Company are Eligible Employees.

**Allocation:** The CEIP is administered by the Board. Each year, the Board may decide to offer designated Eligible Employees the opportunity to participate in the CEIP. The number of options and/or performance rights to be offered to a participant depends upon the participant's salary and the Company's target remuneration package for the participant's position.

The Board has determined that any options or performance rights that do not vest will lapse or be forfeited automatically.

**Exercise:** Upon vesting of options, a participant may exercise options by providing to the Company's Share Registry a Notice of Exercise Form – CEIP Options and effect payment of the exercise price by:

1. paying to the Company, in immediately available funds, an amount equal to the exercise price

multiplied by the number of options being exercised; or

2. cashless exercise, in which the participant elects to receive a reduced number of shares reflecting the 'net' value of the options at the time of exercise in lieu of paying the exercise price of options to Cochlear. The number of shares issued or transferred to a participant that elects to exercise options granted to them under the CEIP using the cashless exercise mechanism will be determined according to the following formula:

$$A = \frac{B \times (C - D)}{C}$$

where:

A = the total number of fully paid Cochlear shares to be issued or transferred upon cashless exercise of vested options;

B = the number of fully paid Cochlear shares otherwise issuable upon the vested options being exercised;

C = volume weighted average price of Cochlear shares sold on the ASX in the five (5) business days up to and including the day before Cochlear's Share Plan Administrator receives the Notice of Exercise Form – CEIP Options; and

D = the exercise price otherwise payable per option.

**Rights:** Option and performance right holders will not be entitled to any dividend payments until the options or performance rights are vested and exercised.

**Discretion to pay cash:** The Board may elect to satisfy its obligations on exercise of options or performance rights by making a cash payment to the participant of an amount equivalent in value to the number of securities the participant would otherwise be entitled to on exercise of the options or performance rights.

**Additional conditions:** All participants will be bound by the applicable plan rules. A participant must exercise their vested options within 25 months after the date of vesting (Expiry Date) and generally in a designated trading window as set out in the Company's Trading Policy. However, if a participant is in possession of inside information in a trading window and as a result unable to exercise their vested options, the Board may, in its absolute discretion, extend the Expiry Date. In this case, the Expiry Date will be 37 calendar months after the date of vesting. Following the applicable Expiry Date, any unexercised options will lapse. Performance rights will be exercised automatically on vesting. The shares delivered on exercise of options or performance rights will be held by an employee share trust



until withdrawn by participants. While participants are employees of the Company, they must abide by the Company's Trading Policy (available in the 'Investors' section of [www.cochlear.com](http://www.cochlear.com) under Corporate Governance).

It is a specific condition of grant that no schemes are entered into by an individual or their associates that specifically protect the unvested value of options or performance rights allocated.

**Plan limit:** An overall limit applies on the number of options and performance rights that are offered under the CEIP, being that the aggregate of the number of options and performance rights offered together with outstanding offers under the CEIP and the total number of shares issued to employees under employee incentive schemes in the last five years cannot exceed 5% of the total number of issued shares of the Company at the time of the offer.

**Overriding restrictions:** No options or performance rights may be offered under the CEIP if to do so would contravene the Act, the ASX Listing Rules, or instruments of relief issued by the Australian Securities and Investments Commission from time to time relating to the CEIP or employee incentive schemes generally.

**Administration:** The Board may amend, terminate or suspend the operation of the CEIP and/or any relevant CEIP rules at any time.

#### **Resolution 4.1 – directors' recommendation**

The Non-executive Directors recommend that shareholders vote in favour of the resolution.

Voting exclusions apply to this resolution as specified in the Notice of Annual General Meeting.

The Chair intends to vote all available proxies in favour of the resolution.

#### **Item 5. Approval to increase the maximum aggregate remuneration of Non-executive Directors**

In accordance with ASX Listing Rule 10.17 and Rule 8.3(a) of the Company's Constitution, this resolution is being put to shareholders to increase the maximum aggregate amount available for the remuneration of Non-executive Directors (NED Fee Cap) by \$500,000 to \$3,500,000 per financial year. As explained below it is not currently proposed to utilise the increase, rather to create flexibility for the future.

In proposing this resolution the Board was mindful that the current NED Fee Cap of \$3,000,000 per financial year was approved by the shareholders at the 2017 Annual General Meeting.

Details of the Non-executive Director remuneration for the financial year ended 30 June 2022 are included in the 2022 Remuneration Report which forms part of the Directors' Report. Assuming no new directors are appointed in FY23 and there are no other changes, the forecast total director fees for FY23 is \$2,779,973.

The present increase is being sought for two reasons:

1. To allow for succession planning and transitioning during board renewal processes. The proposed increase allows headroom for an additional Board appointment that may be made in FY23 to enhance Board skills and experience in light of the retirement of two long tenured directors and allow for an appropriate period of transition. Any new appointment would be subject to election by shareholders at the following AGM. Such an appointment would temporarily increase the number of Non-executive Directors to 10.
2. To create flexibility in considering any future increases in fees to maintain market competitiveness to retain and attract high calibre Non-executive Directors. The proposed increase also reflects increasing demands on Non-executive Directors due to the expanding, complex and global nature of the Company's business. The level of Non-executive Directors' fees is reviewed annually for alignment with market competitiveness. In considering Non-executive Directors' fees, the Board seeks the advice of an independent remuneration consultant to ensure the Company's approach is appropriate.

It is not intended to fully utilise the increase in the NED Fee Cap now, but to allow the flexibility to appoint an additional Non-executive Director and adequately compensate the Company's Non-executive Directors in the future.

#### **Additional disclosures required by ASX Listing Rule 10.17**

ASX Listing Rule 10.17 requires the following additional disclosures for the purposes of Item 5 of these Explanatory Notes:

- (i) if this resolution is passed, the maximum aggregate amount of directors' fees that may be paid to all of the Company's Non-executive Directors in a financial year is \$3,500,000; and
- (ii) no securities have been issued to a Non-executive Director under ASX Listing Rule 10.11 or 10.14 within the preceding three years.

#### **Resolution 5.1 – directors' recommendation**

As each Non-executive Director has an interest in this matter, the Board does not believe it is appropriate to

make a recommendation to shareholders in relation to voting on this resolution.

Voting exclusions apply to this resolution as specified in the Notice of Annual General Meeting.

The Chair intends to vote all available proxies in favour of the resolution.

## **Quorum, who may vote and proxies**

### ***Quorum***

The Company's Constitution provides that two registered Company shareholders present or by representative, attorney or proxy shall be a quorum for a general meeting of the Company.

### ***Who may vote***

Persons whose names are set out in the register of shareholders as at 10:00am (AEDT) on Sunday 16 October 2022 are entitled to attend and vote at the AGM (and at any adjournment of the meeting which takes place within 28 days).

Voting on all proposed resolutions at the AGM will be conducted by poll. On a poll, each shareholder has one vote for every fully paid ordinary share in the Company held.

### ***Proxies***

If you wish to appoint a proxy, you should complete the proxy/voting form and comply with the details set out in that form for lodgement. A proxy need not be a shareholder of the Company. The proxy/voting form must be received no later than 10:00am (AEDT) on Sunday 16 October 2022, being not less than 48 hours before the time for holding the AGM.

### ***Number of proxies***

A shareholder of the Company who is entitled to attend and cast a vote at a meeting has a right to appoint a single proxy. A shareholder of the Company who is entitled to attend and cast two or more votes at a meeting has a right to appoint up to two proxies.

### ***Proportion of votes per proxy***

Where the appointment is for two proxies, a shareholder may specify the proportion of votes that each proxy may exercise. If the appointment does not specify the proportion of votes that each proxy may exercise, then each proxy may exercise half of the votes of the relevant member.

## ***Voting***

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit (except as specified in the Voting exclusion statements in the Notice of Annual General Meeting) or abstain from voting.

If you wish to appoint the Chair as your proxy with a direction to vote for, against, or to abstain from voting on a resolution, you must provide a direction on the proxy/voting form.

### ***Signing of proxy/voting form***

The proxy/voting form must be signed as follows:

***Individual:*** Where the holding is in one name, the shareholder must sign;

***Joint holding:*** Where the holding is in more than one name, all of the shareholders must sign;

***Power of attorney:*** To sign under power of attorney, you must have already lodged this document with the Company's Share Registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to the proxy/voting form when you return the form; or

***Companies:*** Where a company has a sole director who is also the sole company secretary, the proxy/voting form must be signed by that person. If a company (pursuant to section 204A of the Act) does not have a company secretary, a sole director can also sign alone. Otherwise, the proxy/voting form must be signed by a director jointly with either another director or a company secretary. Please indicate the office by signing in the appropriate place.

## ***Lodging your vote***

### ***Before the AGM***

You can lodge your vote or appoint a proxy online at [www.investorvote.com.au](http://www.investorvote.com.au), or by posting it to Computershare using the reply paid envelope or to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia, or by faxing it to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

### ***During the AGM***

Shareholders who are attending in person can cast votes during the meeting.

Shareholders who are attending virtually can watch the AGM, cast votes and submit written questions online using the Computershare online platform. Non-shareholders will be able to watch the AGM via the Computershare online

platform by registering as a guest but will not be able to vote or ask questions.

You can attend the AGM online using one of the following methods:

1. from your computer by entering the following URL in your internet browser:  
<https://meetnow.global/MC2X4UG>; or
2. from your mobile by entering the following URL in your internet browser:  
<https://meetnow.global/MC2X4UG>.

To attend the AGM online, you will need your SRN or HIN, and your postcode as registered with Cochlear's share registry Computershare.

Online voting will be open shortly after the commencement of the AGM at 10:00am (AEDT) on Tuesday 18 October 2022 and close at a time as announced by the Chair. More information about online attendance at the AGM is available at <https://www.cochlear.com/intl/about/investor/annual-general-meeting>.

## Shareholder questions

### *Before the AGM*

If you would like a question to be put to the Chair or the auditor before the AGM, please complete the Questions from Shareholders form enclosed and send it to:

Company Secretary  
Cochlear Limited  
1 University Avenue  
Macquarie University NSW 2109  
Australia.

Alternatively, email it to the Company Secretary at: [companysecretariat@cochlear.com](mailto:companysecretariat@cochlear.com)

Questions must be received by the Company Secretary by 5:00pm (AEDT) on Wednesday 12 October 2022.

### *During the AGM*

Shareholders who are attending in person can ask questions during the meeting.

Shareholders who are attending virtually via the Computershare online platform will be able to ask:

1. written questions by following the prompts in the online platform; or
2. oral questions via a telephone line that will also be available during the AGM. To utilise the telephone line, please call Computershare on 1300 855 080

(inside Australia) or +61 (3) 9415 4000 (outside Australia) **by 10:00am (AEDT) on Thursday 13 October 2022**, to register your participation and obtain the required access code.

## How to get to Cochlear Global Headquarters (AGM Venue)

*From Macquarie University Train/Metro Station*

**Walking:** Approximately 10-minute walk (700m) along University Avenue.

**By bus:** Take bus 288, 290, 291 or 292 at Herring Road Stand D exit at Macquarie University Campus (Stop ID: 2113180).

Or take bus 197, 292, 294, 506, 545, 562, 565, 572 or 575 at Waterloo Road and exit at Macquarie University Campus (Stop ID: 2113180).

For bus and train timetables and further information visit <https://transportnsw.info/routes/train>

**By car:** Free 3-hour parking is available at Macquarie Shopping Centre.

# 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 700,000 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.

 Cochlear Ltd (ABN 96 002 618 073) 1 University Avenue, Macquarie University, NSW 2109, Australia T: +61 2 9428 6555 F: +61 2 9428 6352

[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.

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

ACE, Advance Off-Stylet, AOS, AutoNRT, Autosensitivity, Beam, Bring Back the Beat, Button, Carina, Cochlear, 科利耳, コクレア, 코클리어, Cochlear SoftWear, Codacs, Contour, コントウア, Contour Advance, Custom Sound, ESPrit, Freedom, Hear now. And always, Hugfit, Hybrid, Invisible Hearing, Kanso, MET, MicroDrive, MP3000, myCochlear, mySmartSound, NRT, Nucleus, Osia, Outcome Focused Fitting, Off-Stylet, Profile, Slimline, SmartSound, Softip, SPrint, True Wireless, the elliptical logo, and Whisper are either trademarks or registered trademarks of Cochlear Limited. Ardium, Baha, Baha SoftWear, BCDrive, DermaLock, EveryWear, Human Design, Piezo Power, SoundArc, Vistafix, and WindShield are either trademarks or registered trademarks of Cochlear Bone Anchored Solutions AB.

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