

Cochlear Limited Environmental, Social and Governance Report 2020

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About this report

This is Cochlear’s Environmental, Social and Governance (ESG) Report. It showcases our approach to caring for our employees and customers, the broader community and the environment. In developing this report, we have been guided by recognised standards of sustainability reporting to better monitor and report on our ESG performance.

Terms that are bold 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 2019 to 30 June 2020 (FY20). You can find consolidated financial statements for the corresponding reporting period in the Cochlear 2020 Annual Report. All dollar values refer to Australian dollars (AUD) unless otherwise specified.

Our Story: 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 and isolation.

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 the 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 changed the world – he and his team developed a new way of treating hearing loss. From the realisation of one man’s dream, our global company was formed and hundreds of thousands of people have now experienced life’s opportunities through hearing. Today we continue Professor Clark’s dream and connect hearing implant recipients everywhere.

Our work is far from over

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.

Our commitment to ESG



This year has been one of the most challenging periods in Cochlear’s history as we navigated the impact of the global COVID-19 pandemic on our employees, customers and partners as well as on our financial performance. Clearly, Cochlear has not been alone in this journey, as communities around the world do their best to respond and adapt to the health, economic and social challenges created by COVID-19.

This report outlines Cochlear’s commitment to improving the impact we have on our communities, environment and employees with a focus on how this commitment has helped drive our response to COVID-19 and our efforts to create an even more resilient and sustainable Cochlear for the future.

At Cochlear, our work is driven by our mission. We strive to improve the quality of life for the people that use our devices as well as improving the health and wellbeing of communities around the world. We do this by developing market-leading technology, raising awareness of the significance of hearing loss, advocating for better access to treatments for hearing loss and contributing to clinical research related to hearing loss and its treatment.

The use of social distancing, quarantine and ‘lock-downs’ as the major interventions in the global effort to contain COVID-19 has created specific difficulties for people with hearing loss – and has highlighted the urgent need to address this global health issue.

Cochlear has prioritised keeping recipients connected and hearing by adapting the way we deliver services and support including increased investment in digital and online products. The rollout of Cochlear’s Remote Check solution, the first telehealth patient assessment tool for cochlear implant recipients, has been a key component of this approach. Remote Check enables recipients and hearing health professionals to complete a series of routine hearing tests via their smartphone. With many clinics shut down during COVID-19, Remote Check has helped us continue to provide support to our recipients and their hearing health professionals.

While COVID-19 has created significant challenges over the past six months, I am proud that Cochlear has been able to keep working towards delivery of our existing ESG commitments.

We continue to invest in research collaborations that contribute to the global body of knowledge about the effects of hearing loss and its treatment. This includes our strategic partnership with Macquarie University and the Australian Hearing Hub. Professor Bamini Gopinath was recently appointed Cochlear Chair in Hearing and Health at Macquarie University to lead collaborative hearing research, education strategies, clinical practice and advocacy, with the long-term goal of developing a leading platform for further impactful research in hearing in Australia.

We have updated our global diversity and inclusion targets to prioritise promoting gender equality and supporting equal participation of men and women in the workplace. To support the achievement of this goal we have formalised targets of 40% female representation among senior leaders within three years and 30% female representation at the Board level within two years.

Our commitment to staff wellbeing by creating a safe and inclusive workplace, both onsite and for those working from home during COVID-19, has never been more important. We will continue to support our people through flexible working arrangements and ensuring a safe workplace for the many employees who are unable to work from home.

This year, Cochlear is publishing its environmental performance data across energy, water and greenhouse gas emissions. We are also strengthening our supplier due diligence assessments to support sustainable and ethical procurement. COVID-19 has created significant opportunities to improve Cochlear’s impact on the environment and communities as well as change how

we operate for the better. For instance, with less air travel and most employees working from home, our emissions have reduced. COVID-19 has also prompted an acceleration of remote and connected care that will make our devices more accessible into the future. Many of our practices that have changed due to COVID-19 will continue.

Finally, I want to thank our employees, professional partners and recipients for the energy, resilience and compassion they have shown in responding to COVID-19. We have worked together to keep our recipients hearing – and to help them hear for the first time – during these challenging circumstances. On behalf of Cochlear, I would also like to thank those healthcare professionals working at the frontline of the COVID-19 response. We will continue our efforts to support each other and emerge from this challenge stronger.

A handwritten signature in black ink, appearing to read 'Dig Howitt', with a stylized flourish at the end.

Dig Howitt
CEO & President

About Cochlear

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

Cochlear commenced operations in 1981 as part of the Nucleus group and in 1995, listed on the Australian Securities Exchange (ASX). Today, Cochlear is a Top 50 listed Australian company with a market capitalisation of over A\$12 billion.

Cochlear aims to support cochlear implantation becoming the standard of care for people with severe to profound hearing loss and provide bone conduction implants for people with conductive hearing loss, mixed hearing loss and single-sided deafness. The Company has provided more than 600,000 implant devices to people who benefit from one – or two – of the Company's implantable solutions. Whether these hearing solutions were implanted today or many years ago, Cochlear continues to bring innovative new products to market as well as sound processor upgrades for all generations of recipients.

Cochlear invests more than \$180 million each year in Research and Development (R&D) and currently participates in over 100 collaborative research programs worldwide. The 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 over 30 countries and a global workforce of more than 4,000 employees.

Cochlear's mission

Cochlear's mission is the passion that drives the organisation and, at a high level, focuses the strategy.

Our Mission

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.



Cochlear's ESG framework

Hear now. And always is a recognition of how essential hearing is and how it enables people to make the most of life's opportunities. It is also our commitment to connect our customers to the experiences that hearing offers and support people on their hearing journey, no matter how their lives or the world around them change. We continue to improve how we monitor and manage our environmental performance, the impact we have on communities and our employees, and the governance of our global operations. We have identified the following four key Environmental, Social and Governance areas:



Our COVID-19 response

Through the COVID-19 pandemic, Cochlear remains focused on delivering on its mission. As a global company with customers in over 180 countries and employees in over 35 countries, we have worked with professional partners, governments and other stakeholders to meet the challenges of COVID-19 unfolding around the world.

In responding to COVID-19 we have been guided by the following priorities:

- Providing a safe workplace for employees and promoting the health of our customers and communities;
- Maintaining our supply chain, so that we keep our customers hearing and supplying implants to surgeries; and
- Protecting the financial wellbeing of Cochlear, which is essential to realising our mission.

Our comprehensive response to COVID-19 also embraces the ESG framework in mitigating the short-term impacts of the pandemic and creating the foundation for a strong recovery.

1. Protecting our people

As we continue to live and work with COVID-19, we are providing additional support to our employees including:

- ✓ Monitoring and adapting to self-quarantine and social distancing requirements based on latest local health advice and government guidelines;
- ✓ Implementing proactive health and safety measures across all facilities and offices around the world with global 'COVID safe' return to workplace guidelines;
- ✓ Broadening the availability of the Flex@Cochlear program to facilitate working from home, caregiving, home schooling and supporting families;
- ✓ Accelerating implementation of virtual teams and digital solutions for collaboration and customer support; and
- ✓ Conducting virtual employee education sessions on a broad range of topics, from leading teams remotely to mental wellbeing.



To ensure the health and safety of our people, we have transitioned our operation to remote working wherever possible. During COVID-19, almost 90% of our staff have been working remotely. This is supported by several programs to keep everyone connected, including:

- ✓ Holding regular virtual global town hall meetings led by the CEO & President and senior executive team members to keep everyone informed and connected;
- ✓ Running local and team-based engagement activities; and
- ✓ Conducting a global pulse survey covering key topics on health, remote working support, communication, technology and team collaboration. Results show over 80% employee confidence in protecting their health and safety since the beginning of COVID-19.

360 Responsibility

Protect yourself, your colleagues and our customers in 3 easy steps.



For more details on our progress on health and wellbeing, please refer to the People & Culture section.

2. Supporting our customers and health professionals

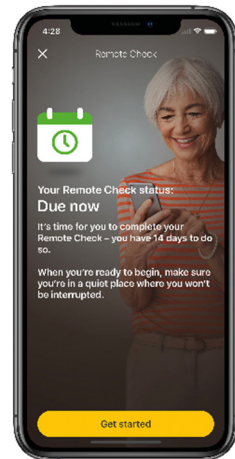
To minimise the potential health risk to our staff and customers, Cochlear has adapted its services to keep supporting those in need. This has included increasing our use of existing tele-health or ‘connected care’ products and accelerating the introduction of products in several countries. In April we received expedited United States Food and Drug Administration (FDA) approval of Remote Check which enables clinical professionals to virtually connect with our recipients and provide support from the safety of their own home.

Remote Check solution for cochlear implants

Remote Check is the first telehealth patient assessment tool for cochlear implant recipients. It is designed to be a convenient, at-home testing tool that allows people with a Cochlear™ Nucleus® 7 Sound Processor to complete a series of hearing checks from their compatible iOS device using the Nucleus Smart App. Results are then sent remotely to the recipient’s clinic for review by their clinician.

Remote Check was developed to conduct routine cochlear implant checks outside the hearing clinic. The technology has been tested in previous pilots in five countries worldwide. Following increased demand for remote care due to the COVID-19 pandemic, the FDA expedited its approval.

Remote Check provides recipients with the ability to continue to access a level of care at a time when many clinics are closed to in-person visits. The FDA’s expedited approval of Remote Check during the COVID-19 crisis underscores the importance of remote hearing care solutions – now more than ever – with many healthcare authorities already recognising the value in reimbursing Remote Care consultations for clinicians.

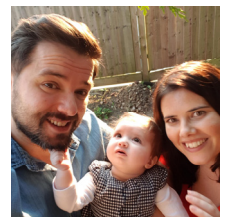


Convenient, at-home testing for people with a Cochlear™ Nucleus® 7 Sound Processor

Cochlear’s commitment to innovation and empowering people to connect with others has provided a strong platform for helping our recipients and partners navigate the challenges of COVID-19:

Switching on during COVID-19

With clinicians unable to see patients due to COVID-19 measures, several recipients were able to be ‘switched-on’ remotely, activating cochlear implants via the internet. This included the [University of Southampton Auditory Implant Service](#) performing what is believed to be the first remote ‘switch-on’ in the United Kingdom. Cochlear’s remote servicing capability and connected care solutions have been an important part of Cochlear’s long-term innovation strategy for some time. COVID-19 has brought the immediate benefit of this technology into focus.



Inspiring new solution to help our frontline health workers



Keeping frontline health workers protected with suitable personal protective equipment (PPE) during COVID-19 has been paramount. However, wearing multiple layers of protective gear in surgery presents a substantial communication barrier creating potentially dangerous situations. In Australia, Cochlear was able to assist by loaning surgical staff its bone-conduction technology (two Cochlear™ Baha® 5 Sound Processors on Softbands and a wireless mini microphone) which improved communication while also being wearable with the highest level of PPE.

Latest sound processing technology assists remote schooling and working

Supporting better access to, and increased uptake of, Cochlear’s latest sound processors has been especially important for children and young adults during COVID-19. The wireless connectivity and direct streaming can help better equip kids for online learning and home-schooling environment. In many parts of the world, home has become the classroom for many months and our team has stepped up to the challenge of improving access to technology that will help ensure our recipients do not fall behind on their education.



WE'RE IN THIS TOGETHER

Some of the many ways we can support you



and your patients



Resources for our professionals

Responding quickly to COVID-19, Cochlear has shifted all professional training and events to virtual platforms. Since March 2020 we have hosted more than 10 events per region reaching over 3,000 participants a month. Health professionals have embraced the flexibility of these events to learn remotely, while creating new ways to exchange ideas and technology to support their patients. Topics offered during COVID-19 included the latest product updates, technology insights and quality of care guidelines for each country and we will continue to offer more in the future.

Professionals can also stay on top of hearing health advances and the latest developments through the launch of the Hearing Health Today podcast.

Helping our clinics and recipients to minimise supply disruptions

For frontline health workers and professional partners, we have offered additional support through our international and local networks. Our team has collaborated with clinics and service providers during COVID-19 to minimise disruptions by boosting capacity and response time via our [Cochlear Link](#) portal to keep recipients safe and connected.

We're in this together

As COVID-19 cases rise across the community, limiting social contact means we need to work even harder to support our recipients and their families and friends. [Cochlear Family](#) has provided additional support during the pandemic, connecting and engaging our customers and supporting the community.

COCHLEAR EDUCATION WEBINARS™

GETTING INTO THE SWING OF BAHÁ	ADVANCEMENTS IN COCHLEAR IMPLANTATION: A DATA DRIVEN PERSPECTIVE	CI CANDIDACY EVALUATION - WHAT IS INVOLVED FOR MY CLIENT?	SINGLE SIDED DEAFNESS (SSD)
The webinar will give an overview of Baha candidacy by looking at Baha indications, the different Baha system options and the features and power of the range of Cochlear Baha 5 sound processors.	In this session you will hear Cochlear's Chief Technology Officer, Jan Janssen, discuss the improvements the Cochlear implant industry has seen over the last 20 years and learn about how Cochlear's technology can maximise hearing outcomes.	In this engaging session, you will go behind the scenes into the journey of a cochlear implant recipient from referral to potential implantation. Included will be a description of the overall evaluation process, common testing protocols and busting of myths that can stand in the way of a successful referral.	The hour-long webinar will give you an overview of the impact of SSD, common treatment options as well as outcomes of cochlear implantation for SSD users.
Tuesday 31 March, 12 - 1PM AEST Tuesday 7 April, 12 - 1PM AEST Tuesday 21 April, 12 - 1PM AEST	Thursday 2 April, 12 - 1PM AEST Wednesday 8 April, 12 - 1PM AEST	Thursday 16 April, 12 - 1PM AEST	Friday 24 April, 12 - 1PM AEST

Hearing Health Today
A podcast series for hearing health professionals.
Presented by Cochlear

3. Maintaining our financial strength

The global pandemic has created an unprecedented health and economic crisis, and Cochlear has taken immediate action in eliminating non-essential expenses and has deferred certain capital expenditures. Our Board of Directors and senior managers have also taken a voluntary pay reduction, working together to limit the impacts of the economic downturn and surgical lockdown on our workforce.

To ensure our strong capital position during the COVID-19 pandemic, we have also undertaken a capital raising of \$1.1 billion and increased a debt facility by \$225 million during March and April 2020 to maintain our financial strength to continue to support our customers for many years to come.

Advocating for the Australian life sciences sector

The impact of COVID-19 on the global and Australian economy has further emphasised the value of a thriving life sciences sector underpinned by world-class research and advanced manufacturing capability. Cochlear will continue to advocate for investment in the life sciences sector as a significant contributor to the Australian and global economic recovery. This includes participation and membership of forums such as the Australian Government's Manufacturing Roundtable.

Communities



Cochlear is committed to improving global health and social outcomes through the supply of implantable hearing solutions and support for those in need. We aim to lead advancements in hearing technology by creating and contributing to research, education and treatment. To enable sustainable progress over the long-term, our focus is on developing technologies and promoting education and careers in the Science, Technology, Engineering and Mathematics (STEM) fields.

Through our mission, Cochlear aims to improve individual quality of life and the health and wellbeing of communities. Our efforts will be channelled through the following objectives.

ESG focus topic	Objectives
<p>Advance hearing science and technology, creating opportunities for people to hear and connect, now and in the future</p>	<ul style="list-style-type: none"> Partner with key academic institutions, start-ups, and other leaders in health technology to contribute to the science of hearing Develop a range of implantable hearing solutions that improve the quality of life for people with hearing loss
<p>Focus on product quality and reliability, giving people the confidence to live their fullest lives</p>	<ul style="list-style-type: none"> Focus on product quality and implant reliability
<p>Demonstrate the clinical, social and economic benefits of diagnosing and treating hearing loss</p>	<ul style="list-style-type: none"> Demonstrate cochlear implants are a cost-effective solution Support the awareness activities of hearing organisations and advocacy groups, and support education in relation to hearing loss
<p>Support education in STEM and audiology, ensuring innovation and hearing support in the future</p>	<ul style="list-style-type: none"> Support education of audiological, medical and health professionals Grow our STEM pipeline and nurture the next generation of hearing innovators and health professionals

Advance hearing science and technology, creating opportunities for people to hear and connect, now and in the future

Partner with key academic institutions, start-ups, and other leaders in health technology to contribute to the science of hearing

Cochlear contributes to the advancement of hearing loss treatment by aiming to fill research and knowledge gaps. In FY20, Cochlear:

- Invested over \$180 million (14% of our sales revenue) on R&D;
- Continued strategic investment in the health and medical research community across more than 100 research partners in over 20 countries; and
- Funded research and clinical trials that resulted in 28 peer-reviewed scientific publications.

Below are some examples of our partnerships:

US\$10 million pledged over 10 years to the Johns Hopkins Bloomberg School of Public Health

Cochlear continued its pledge of US\$10 million over ten years to establish the [Cochlear Center for Hearing and Public Health](#). 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 is an important and growing issue, especially as we begin to better understand the link between high levels of hearing loss and cognitive decline, social isolation and depression. The Center is the first of its kind at any academic institution focused on addressing hearing loss as a global public health priority. Cochlear's unconditional gift provides funding for core Center infrastructure and personnel, research trainees and faculty to carry out the mission areas of the Center.

Strengthening our strategic partnership with Macquarie University

Macquarie University (MQU) has recently appointed Professor Bamini Gopinath, an epidemiologist and public health researcher, to the co-funded position of Cochlear Chair in Hearing and Health. Professor Gopinath brings to the Cochlear-MQU partnership a strong track record in public health and policy research with a focus on sensory loss and disability, including age-related hearing loss. Her ongoing research aims to translate key study findings into health policy and practice, with the intention of targeting current gaps in healthcare.

The Chair will lead the public health stream within the newly established entity of Macquarie University Hearing, facilitating impactful research alongside streams dedicated to discovery research, innovation & translation and education & practice.

Global academic and research partnerships

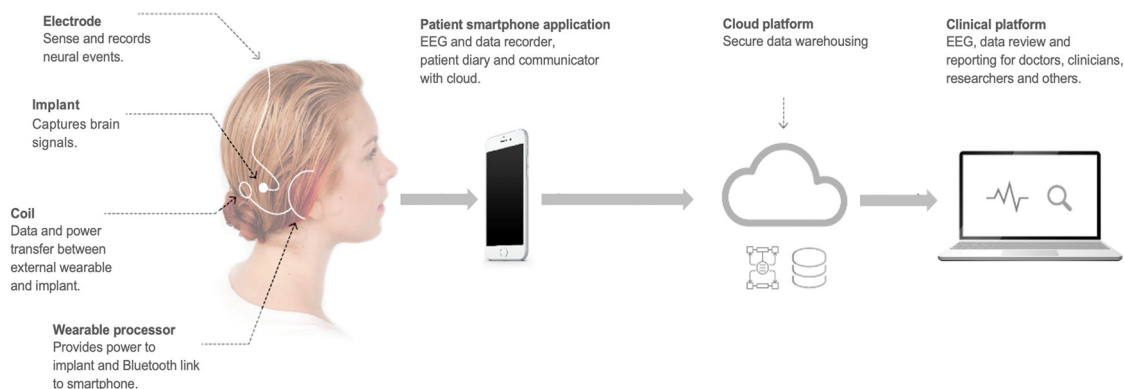
During the COVID-19 pandemic, we have strengthened our collaboration with our key academic and research partners and maintained our connection through digital platforms. For example, together with the [British Cochlear Implant Group](#), we have participated in the Global CI Collaborative forum in bringing together leading experts and patients to explore the future of cochlear implantation following COVID-19.

Cochlear also continues to invest in collaborations with world-leading researchers to investigate cutting-edge hearing science. Many of these collaborations are multi-party and multi-disciplinary bringing together universities, not-for-profit/non-government organisations, government and industry.

For example, the [Cochlear Implant Neurotrophin Gene Therapy clinical trial consortium](#) is a collaboration between neuroscience, biomedical engineering and clinical teams at University of New South Wales, University of Melbourne, University of Sydney, Sydney Cochlear Implant Centre, Macquarie University and Cochlear. Together this multi-disciplinary consortium aims to understand the potential benefits of cochlear implants as a gene therapy delivery system for people with severe to profound hearing loss.

Innovation fund to support life sciences and technology start-ups

Cochlear has established an innovation fund to invest in novel technologies and implantable devices that, over the long-term, accelerate and complement our core capabilities. Cochlear has diverse investments in Epi-Minder, Nyxoah, Sensorion and Saluda. Our team continues to support our strategic partners and identify opportunities for future development. In November 2019 Epi-Minder commenced first in-human clinical feasibility studies of its Minder™ system as shown above. Minder is a mobile electroencephalography (EEG) monitoring device with the potential to transform the clinical management of epilepsy and similar seizure-related conditions. The study is expected to be completed by early 2021.



The Minder™ system is designed to improve management of epilepsy and seizure-related conditions. Image courtesy of Epiminder

Develop a range of implantable hearing solutions that improve the quality of life for people with hearing loss

We have a global innovation network of more than 350 R&D employees who develop implantable hearing solutions which help to deliver a lifetime of hearing outcomes. Our primary R&D capability is co-located with the Australian Hearing Hub in Sydney, while our Cochlear Technology Centre in Belgium is focused on advanced innovation.

Over the past 12 months, we have launched products which help improve the quality of life for people with severe to profound hearing loss. These include:

Cochlear™ Osia® 2 System

The Cochlear™ Osia® 2 System expands the Acoustics portfolio into the next generation of bone conduction hearing solutions. It is the world's first active osseointegrated steady-state implant, using digital piezoelectric stimulation to bypass damaged areas of the natural hearing system, sending sound vibrations directly to the cochlea. Pre-market trials have demonstrated significant improvements in outcomes for patients¹ over traditional bone conduction hearing solutions, and we are already experiencing high demand for the new implant in the US.



The Cochlear™ Osia® 2 System provides a significant improvement in performance and aesthetics for bone conduction patients

Cochlear™ Nucleus® Profile™ Plus with Slim 20 Electrode

In February 2020, Cochlear received FDA approval for the Cochlear™ Nucleus® Profile™ Plus with Slim 20 Electrode (CI624). The Slim 20 Electrode expands Cochlear's portfolio which consists of the slimmest atraumatic electrodes on the market, providing an option for surgeons who prefer an insertion depth of up to 20mm with a lateral wall electrode.



Cochlear™ Nucleus® Profile™ Plus with Slim 20 Electrode

Cochlear™ Nucleus® Kanso® 2 Sound Processor

In July 2020, Cochlear received FDA approval for the Cochlear™ Nucleus® Kanso® 2 Sound Processor, the world's smallest² off-the-ear cochlear implant with proven hearing performance technologies³⁻⁶. It is the first and only off-the-ear cochlear implant sound processor to offer direct streaming from compatible Apple or Android™ devices, and is compatible with the Nucleus Smart App, enabling control of device settings, functions and information.

The Kanso 2 Sound Processor features an integrated rechargeable battery⁷ and the highest possible water resistance rating for an off-the-ear cochlear implant sound processor, giving users the freedom to live an active lifestyle.



The Cochlear™ Nucleus® Kanso® 2 Sound Processor is the world's smallest off-the-ear cochlear implant sound processor, and the first to offer direct streaming from compatible Apple or Android™ devices

Focus on product quality and reliability, giving people the confidence to live their fullest lives

Focus on product quality and implant reliability

Cochlear implants and sound processors are subject to rigorous internal and external testing, regulatory approvals and audits for patient safety. Pre-clinical and clinical trials are run or assisted by leading universities and research partners to study the efficacy of new technology in accordance with ethics approval and relevant standards.

Our quality management systems are an integral part of our product reliability. They are reviewed and adjusted to address quality issues and are 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 all of 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/or manufacturing modifications.

Cochlear implant reliability is important for successful patient outcomes. Cochlear records and investigates 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 International Standard ISO 5841-24, the reporting principles outlined in the European Consensus Statement on Cochlear Implant Failures and Explantations, expert recommendations from the International Classification of Reliability for Implanted Cochlear Implant Receiver Stimulators and ANSI/AAMI CI86 – Cochlear implant systems: Requirements for safety, functional verification, labelling and reliability reporting for implant and sound processor reliability. We are the first cochlear implant manufacturer to report product reliability against the ANSI/AAMI CI86 standard.

As reported in the Cochlear Nucleus Implant Reliability Report, our latest implant range, Nucleus® Profile Series implant, has a cumulative survival percentage (CSP) of 99.81% at five years. Our CI24RE Series, the world's most widely used cochlear implant with more than 195,932 registered devices, has a CSP of 99% after being on the market for 15 years.

Demonstrate the clinical, social and economic benefits of diagnosing and treating hearing loss

Cochlear is committed to increasing awareness of hearing loss and its effects, expanding access to hearing loss assessment and treatment, and improving the quality of life of people with hearing loss. We do this by demonstrating the clinical, social and economic benefits of national auditory screening programs and implantable technologies as well as partnering with research studies on hearing loss and its treatment.

As the global leader in implantable hearing solutions, we are transforming the way people understand and treat hearing loss. Cochlear collaborates with a range of partners to advocate for public policy supporting better access to ear and hearing care. We also support the advocacy efforts of hearing implant user organisations world-wide to raise awareness of the health, social and economic impacts of hearing loss and improve access to care, treatment and implantable hearing technologies. The World Health Organization (WHO) estimates that there are an estimated 466 million people worldwide – over 6.1% of the world's population – who experience disabling hearing loss. This includes 1 in every 3 people over the age of 65. If unaddressed by policy makers, by 2050, this is expected to rise to more than 900 million people – or 1 in every 10 people¹.

Global prevalence of hearing loss



>460 million

people globally with a disabling hearing loss



1 in 3

people over the age of 65 affected by disabling hearing loss



>15,000,000

people could benefit from a cochlear or bone conduction implant



<5%

market penetration of implantable hearing solutions

Cochlear supports WHO efforts to address the rising prevalence of hearing loss. We do this through unconditional donations to the WHO's programme for the prevention of deafness and hearing loss and through membership to the [WHO's World Hearing Forum](#). The World Hearing Forum is a global network of stakeholders who share knowledge and advocate for ear and hearing care world-wide and implementation of [World Health Assembly Resolution 70.13](#).

We estimate that more than 15 million people could benefit from a cochlear or bone conduction implant to treat moderate to profound hearing loss in children globally and in adults and seniors in the developed world². With less than 5% of the people that could benefit from an implantable hearing solution being treated³, Cochlear can contribute to social outcomes by bringing to market a range of implantable hearing solutions that empower people to connect with others and live a full life. In 2020, [Macquarie University's Centre for the Health Economy](#) evaluated the cost effectiveness of cochlear implantation in adults in several countries, finding that unilateral cochlear implants continue to be a cost-effective intervention for adults.

Demonstrate cochlear implants are a cost-effective solution

Cochlear implants provide life changing outcomes for recipients, empowering them to connect with others and live a full life. They also provide a cost-effective solution for all age groups, delivering significant returns on the investment made by the healthcare system.

Children

The estimated aggregate lifetime societal costs for a pre-lingual deaf child in developed markets is estimated to exceed US\$1.5 million in 2019 dollars^{16,17}. This is almost entirely attributed to reduced work productivity and/or the cost of special education.

Once lifetime medical costs are excluded from the total costs, it is estimated that the return on investment of a cochlear implantation for a pre-lingual deaf child is 13.5:1, meaning each dollar spent on a cochlear implant has the potential to result in up to \$13.5 in return to society¹⁸.

Adults

The aggregate societal costs of an adult with severe to profound hearing loss is estimated to range between US\$702,000 (for those under 45 years of age) and US\$392,000 (for those between 45 and 65 years of age) in 2019 dollars. These societal costs are driven almost exclusively by reduced work productivity.

One study reported that when compared to those with normal hearing, adults with hearing loss were reported to be more than three times more likely to have low educational attainment and were almost twice as likely to be unemployed or under employed²⁰.

In another study, individuals with severe and profound hearing loss were also found to earn approximately 77% of the average income of those with mild hearing loss. The lost income due to untreated hearing loss has even greater socioeconomic implications when consideration is given to the value of unrealised taxes associated with this lost income²¹.

Seniors

Dementia and other cognitive decline diseases are some of the costliest conditions to treat in the world²². The estimated worldwide cost of dementia was predicted to reach US\$1 trillion in 2018 – rapidly rising to US\$2 trillion by 2030. The number of affected individuals is predicted to almost double every 20 years²³.

Unfortunately, individuals with severe hearing loss are almost five times more likely to develop dementia than people without hearing loss²⁴.

The effective use of hearing aids and implants is cost-effective and has been proven in adults and seniors with an estimated return on investment of 10:1²⁵.



Estimated lifetime societal costs for a pre-lingual deaf child in developed markets exceeds US\$1.5 million



The effective use of implants is cost-effective in adults and seniors with an estimated return on investment of 10:1

Support the awareness activities of hearing organisations and advocacy groups, and support education in relation to hearing loss

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. In FY20, this included:

- Working with the WHO and members of the international hearing care community on awareness activities as part of World Hearing Day. Every year we support this global day of hearing loss awareness and advocacy for better hearing care. We have initiated campaigns including 'Hearing Matters' and 'Be everything you can be', a community awareness social media

campaign designed to help families and friends recognise the symptoms of hearing loss and address it so that those impacted can achieve their full potential;

- Holding Cochlear Family activities in countries around the world, providing support and information to existing and potential cochlear implant recipients. Celebrations involved more than 5,000 attendees in South America alone, bringing our communities together and sharing the latest information;
- Sponsoring the Power of Speech event at the Australian Parliament House, celebrating the remarkable outcomes possible for cochlear implant recipients since 2014. The event is run by [First Voice](#), a coalition of organisations that provide listening and spoken language early intervention services for children who are deaf or hard of hearing;
- Continuing to fund 12 scholarship positions for Cochlear hearing implant recipients, who each receive support throughout their university degrees in North America, Australia, the United Kingdom and Ireland; and
- Ongoing investment in the Cochlear Foundation which was established in 2007 to promote community leadership, awareness raising, and research into treatment for hearing loss. The Cochlear Foundation is independent of Cochlear and operates under the guidance of an experienced board with expertise from academia, and business and medical industries.



Professor Graeme Clark joins former Australian test cricketer and Cochlear Global Hearing Ambassador, Brett Lee, at an 2020 World Hearing Day event in Melbourne Australia.



Power of Speech, Australian Parliament House, 22 October 2019.



Cochlear Family Latin America celebrates International Volunteer Day, December 2019



The Cochlear Graeme Clark Scholarship is a unique award open to cochlear implant recipients.

Support education in STEM and audiology, ensuring innovation and hearing support in the future

Support education of audiological, medical and 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-19, 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. We have accelerated and expanded the range of online training we offer to hearing professionals in many countries to stay connected during COVID-19.

Grow our STEM pipeline, and nurture the next generation of hearing innovators and health professionals

In Australia, we work closely with several schools, colleges and universities to promote the benefits of pursuing study and careers in science, technology, engineering and mathematics (STEM), especially for indigenous and female students.

This year, we participated in many educational programs to host more than 1,000 students during the year, including the [National Youth Science Forum](#), the [Honeywell Engineering Summer School](#), the Indigenous Australian Engineering School program, the Power of Engineering secondary school program and the Cochlear Autumn School of Engineering.

We also work with The Smith Family and the Business Council of Australia to sponsor six students for the [Cadetship to Career](#) program, with the aim of providing students from disadvantaged backgrounds with work experience and to help them explore future career options. We support the National Youth Science Forum which engages with Australian school students to inspire interest and learning in science and technology.

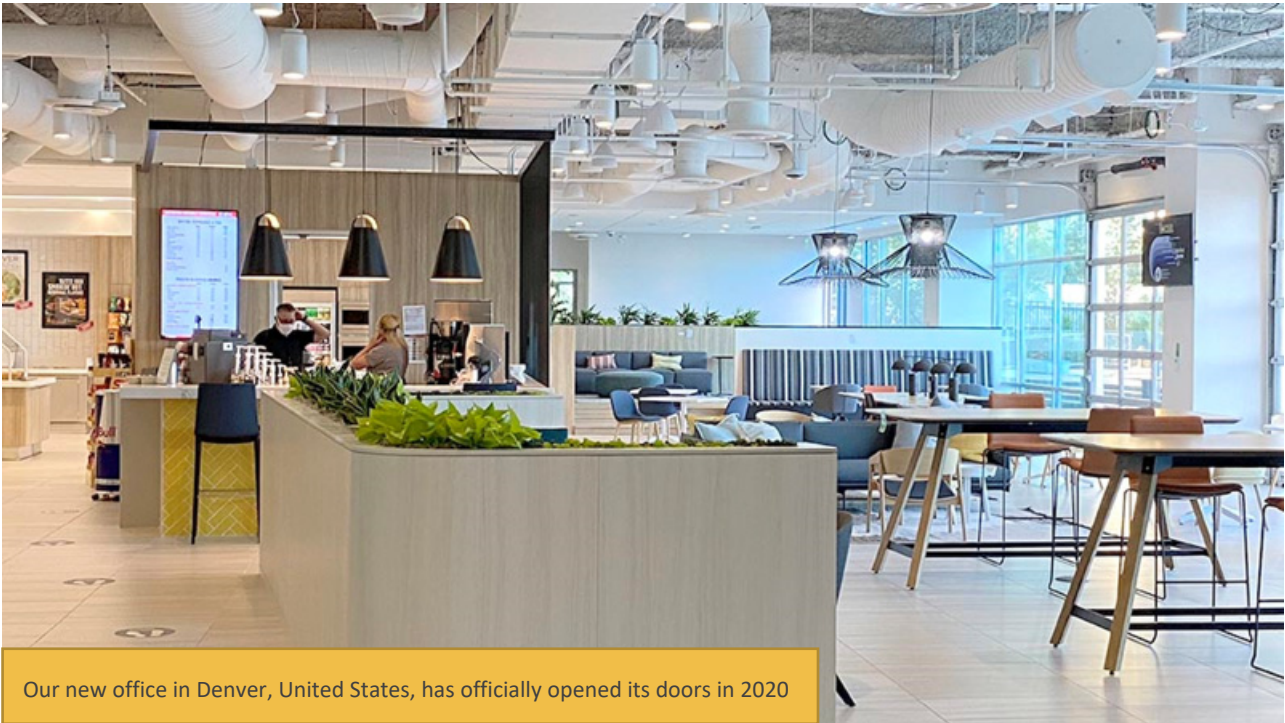


2019 Graduate Recruitment Day, Australia



Cochlear Benelux announced its collaboration with Ctalents in the Netherlands. This collaboration will provide people with severe hearing loss with personalised support in their search for a suitable job.

Environment



Cochlear’s mission not only recognises our work to deliver a lifetime of hearing outcomes to those who use our products, our mission reflects our long-term commitment to the environment we live in. We aim to continually improve and review our environmental performance, and we are promoting the efficient use of materials and resources throughout our facilities. This includes working with our suppliers to manage environmental impacts within our supply chains.

Our objectives for environmental sustainability are:

ESG focus topic	Objectives
Enhance environmental management and compliance	Implement environmental management systems based on best practice international frameworks
Improve energy efficiency and reduce GHG (Greenhouse Gas) emissions	Transition to renewable energy Improve resource efficiency
Enhance supply chain sustainability	Implement effective due diligence program to identify environmental risks in our supply chain

Enhance environmental management

During the year, we have continued to broaden the environmental risk assessment to more closely align with the framework developed by the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) on climate change-related risks to our business. Based on the findings from the risk assessment conducted this year, we did not identify any material exposure to environmental risks. We will be reviewing our [Environmental Policy](#) to consider the long-term commitment to reducing our carbon emissions and continually improving our environmental performance.

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

Implement environmental management systems based on best practice international frameworks

Cochlear’s Environmental Management System (EMS) is aligned with International Standard ISO 14001 (Environmental management systems). We are currently implementing our EMS across our main manufacturing, service and research sites, and head offices. The EMS covers almost 90% of our operational footprint and we will look to expand this further going forward. The EMS incorporates environmental objectives and associated environmental monitoring and reporting frameworks and its implementation is showcased in our new Denver office in the United States with sustainable and efficient design, energy efficient LED lighting and recycling facilities.

Improve energy efficiency and reduce GHG emissions

Cochlear’s manufacturing and related operations produce low level emissions. This year, we continued to focus on reducing energy use by applying new technologies and systems through efficiency management and monitoring of our operations. Key environmental initiatives include energy efficiency upgrades to existing building fixtures and fittings at our major facilities in Australia.

The impact of COVID-19 on our business activities has also created a temporary reduction in our global emissions. Our GHG emissions from energy has reduced by 5%.

We anticipate that our emissions will rise when business condition return to normal. In the last year we expanded our office in Denver and built a new manufacturing facility in Chengdu, China. Both these facilities significantly expand Cochlear’s capacity for the future and will expand our emission footprint in the short term.

As our business recovers, we intend to balance business growth with lower dependence on carbon-based energy sources. Guided by our ESG Framework, Cochlear will continue to seek opportunities in reducing emissions and improving our climate resilience including leveraging the changes we have made during COVID-19.



17% Renewable Energy



5% Reduction in energy consumption



20% Less business flights

	Detail	% Change	2020	2019
Energy	Measure			
Total directly purchased energy	Megawatt-Hour (MWh)	↓ 7%	21,485	23,177
Energy intensity by unit of production	Megawatt-Hour per device made (MWh / unit)	↓ 8%	0.14	0.15
Energy intensity by revenue	Megawatt-Hour per million in revenue (MWh / mAUD revenue)	↓ 7%	15.9	17.16
GHG emissions	Definition (Measure)			
Total Scope 1 emissions	GHG emissions by direct combustion (Tonnes CO2-e)	↓ 63%	231	625
Total Scope 2 emissions	Indirect GHG emissions by electricity consumption (Tonnes CO2-e)	↓ 5%	9,316	9,827
Total Scope 1 and 2 emissions	GHG emissions (Tonnes CO2-e)	↓ 9%	9,547	10,453
Scope 1 and 2 GHG emissions intensity	GHG emissions per device made (kg CO2-e / unit)	↓ 8%	61	67
Scope 1 and 2 GHG emissions intensity	GHG emissions per full time employee (Tonnes CO2-e / FTE)	↓ 10%	2.39	2.66

Renewable energy

During 2020, we focused on sourcing renewable energy across our main operations and have built an overall capacity of renewable energy to 17% for the year across our facilities in Australia (Melbourne and Sydney), Belgium, Germany, Sweden, Switzerland and United Kingdom. In 2019 we installed a solar array on the roof of our global headquarters at Macquarie University, securing our main manufacturing facilities in Sydney (Macquarie University and Lane Cove) with renewable energy for future energy needs. Our main manufacturing operations, and most of our energy use and GHG emissions, currently occur in Australia. For this reason, energy efficiency initiatives will be prioritised on our Australian sites.



220 MWh

of solar energy generated in Sydney

Improve resource efficiency

Cochlear does not have a significant waste profile but we will continue to identify ways to reduce the amount of 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 regulation and available infrastructure. We aim to improve the accuracy of data on our waste volumes in the countries we operate in through enhanced collection and reporting from our waste contractors.

In 2020, we performed a waste audit at our Sydney manufacturing facilities and identified areas for further improvement. Cochlear appreciates that its staff also have an important role to play in reducing waste so we have engaged our staff through education initiatives and improved infrastructure to encourage recycling of resources such as paper, cardboard, glass, plastic and metal at most Cochlear sites. We are also reducing our reliance on single-use plastic for our conference events and training sessions.



Cochlear will continue to identify opportunities to improve resource efficiency at its global repair centre and plans to expand its portfolio of products with rechargeable batteries.

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. Cochlear encourages responsible water consumption and continuously identifies appropriate water-saving initiatives. The slight increase in water intensity this year is due to the increased cleaning across our facilities during COVID-19 and the opening of our new Denver office in the United States.

	% Change	FY20	FY19
Water Intensity per (M ³ water / M ² floor space)	2%	0.56	0.55

Enhance supply chain sustainability

Implement effective due diligence program to identify environmental risks in our supply chain

Our environmental impacts extend beyond our operations to those in our supply chain. In recognition of this, we are currently working to improve our supplier due diligence assessments to support sustainable and ethical procurement. During the year we have focused on the ongoing implementation of our [Supplier Code of Conduct](#); improving the on-boarding process to screen suppliers for major governance, human rights and environmental issues; and undertaking ESG risk assessments of our key strategic suppliers based on known risk factors and internal risk models. Cochlear aims to continue improving its supplier due diligence process as part of its ESG risk management procedure.

People & Culture



ESG focus topic	Objectives
People & Culture	<ul style="list-style-type: none">Attract and recruit talentBuild a diverse and inclusive workplaceDevelop talentSupport the health and wellbeing of our workforce

Cochlear aims to attract and retain passionate and highly skilled professionals. We recognise that our people are pivotal to delivering Cochlear’s growth initiatives and achieving our mission.

In an increasingly competitive global talent market, we look to achieve this through providing interesting and challenging work, development opportunities within a growing business and, most importantly, through our passion to achieve a common purpose – our mission.

The success of our mission depends on our ability to inspire and engage our employees. In FY20, 93% of employees completed our global engagement survey with an overall engagement score remaining very strong at 79%, consistent with our prior year’s engagement survey result. We are very pleased to report that 91% of employees reported they feel proud to tell people they work for Cochlear.

We have continued to focus on alignment, that is, ensuring all employees understand how their work contributes to our business strategy and delivers on our mission to our customers. We continue to make good progress in this area with 91% of employees indicating they understand how their role contributes to Cochlear’s strategy, whilst 92% and 91% of employees respectively, understand how they contribute to the satisfaction of our customers and have a clear understanding of our customers’ needs. Since the formal introduction of Flex@Cochlear, our flexible working program available to employees to

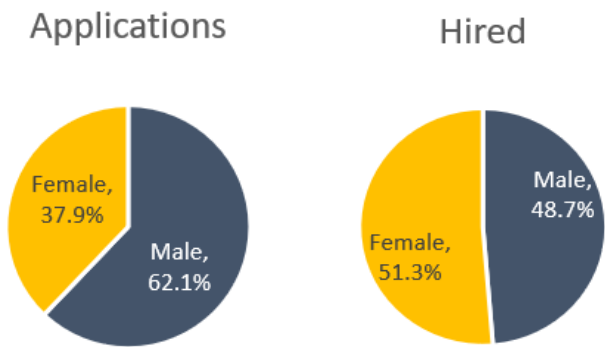
better support them in integrating their work and personal commitments, we have seen very pleasing results with 87% of employees finding their manager allows them the flexibility to balance work and personal responsibilities.

Our retention levels remain strong with our global annualised turnover for FY20 at 11%.

Attract and recruit talent

We recognise the importance of building and developing a diverse pipeline of talent and believe that attracting and retaining employees with a wide range of experiences, perspectives, backgrounds and abilities will best support delivery of Cochlear’s strategic priorities. In FY20, with the impact of COVID-19, our employee numbers remained relatively stable at just over 4,000 employees.

We have continued to focus globally on our foundational Hiring Manager Excellence program, with almost 100 managers completing the training in FY20. More than 470 managers have completed the program since its introduction in FY18. A focus of the program is removing unconscious bias from our selection processes and enhancing the capability of managers to make objective hiring decisions. We continue to embed improvements in screening, assessing and selecting candidates, to ensure we are accessing diverse talent pools and recruiting high-quality candidates. We continued to yield pleasing results in this regard during FY20 with females comprising 37.9% of all applicants, and 51.3% of new hires.



As a medical technology company, we recognise the need to attract and retain key skills for innovation in STEM areas. 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 FY20, we hosted approximately 1,500 students through open days and other events supported by Cochlear.

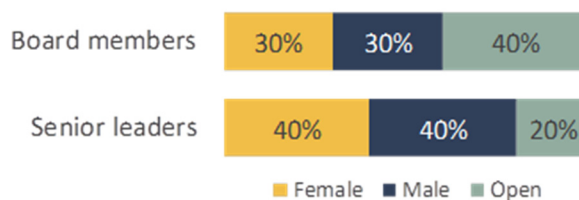
Build a diverse and inclusive workplace

Cochlear is committed to providing an inclusive workplace that is diverse and representative of our customers and the communities in which we operate. Our Diversity & Inclusion Strategy is aligned to our business strategy and designed to enable and support the execution of the Company’s key priorities and initiatives. It has five key pillars of focus: Gender, Ethnicity and Religion, Disability and Accessibility, LGBTIQ+ and Generational and Mature Age, all underpinned by our overarching goal to ensure and support employee wellbeing.



As a priority, Cochlear promotes gender equality and supports the equal participation of men and women in the workplace. It is noted that while Cochlear continues to have good gender balance at an organisation wide level, with females representing 53% of our workforce, the representation of females reduces as the level of seniority increases. To support the achievement of this goal, we have formalised and set targets to achieve 40% female representation among our senior leaders within three years. At Board level, we are targeting 30% female representation over the next two years. Cochlear is also continuing to focus on increasing female representation through focused activities in the areas of Talent Succession and Talent Acquisition with the aim of increasing our pipeline of female talent and leadership opportunities.

Gender diversity targets



In 2018 Cochlear’s CEO & President, Dig Howitt, joined the Male Champions of Change (MCC) an Australian organisation which aims to accelerate the advancement of women in leadership and achieve gender equality. As a leader in STEM, Dig supported Cochlear’s participation in the MCC’s 2019 survey and Report on Gender Equality in STEM. The Report found that women in STEM experience significantly more barriers to progression than men and unacceptably high levels of everyday sexism. Cochlear is committed to addressing these barriers. It has hosted MCC workshops on everyday sexism as well as conducted company-wide training following the release of the Report.

Several other initiatives were implemented during FY20 to support our Diversity and Inclusion Strategy and to remove barriers to full and equal participation in the workforce for all employees. These included the continued implementation of Flex@Cochlear, our flexible working program. This program is available to all Australian non-manufacturing employees to better support them in achieving the optimum balance between work and personal commitments with the aim of providing employees with a more engaging and fulfilling work experience. During the year, we continued to make flexible work practices available in other geographies and we are currently reviewing, in light of the impact of COVID-19 and the need for the majority of our employees globally to work remotely during this time, how these practices may be applied more broadly in a post COVID-19 workplace.

Building an inclusive and respectful workplace has been a continuing area of focus across several regions and will continue to be a key focus area during FY21. We have launched a ‘Diversity and Inclusion’ learning module which aims to educate all people leaders on how to support and build diverse and inclusive teams. A new goal was introduced for our people leaders during the year, holding our people leaders to account for building diverse teams and supporting and establishing a workplace of genuine respect and equity which empowers all employees to achieve their best.

We have also continued to focus on pay equity and are making good progress on our global gender pay equity project, now 95% complete, to ensure no gender pay gap exists between male and female employees performing like-for-like roles of comparable size.

Under the pillar of Ethnicity and Religion, we are continuing to build cultural capability and sensitivity with an Indigenous focus, in particular, better understanding and supporting the journey toward Aboriginal and Torres Strait Islander people recognition and reconciliation in Australia. During the year we completed a series of internal learning and engagement sessions, prepared and implemented Welcome to Country and Acknowledgement of Country Guidelines, and encouraged STEM career paths for Indigenous school students by hosting site visits to Cochlear global headquarters at Macquarie University. These initiatives, largely driven by our Indigenous Internship program, are important early steps in strengthening understanding and respect between Indigenous and non-Indigenous peoples within Cochlear and our immediate community.



Left: CEO & President Dig Howitt and Indigenous Intern Courtney Muir
 Right: Welcome to Country and Acknowledgement of Country Guidelines

Develop talent

Enhancing the leadership effectiveness and impact of our people is a key priority that will accelerate our performance and help us realise the Cochlear mission. To achieve this, we are investing in a multi-faceted approach that integrates individual, team and organisational level strategies and programs. Our talent development initiatives focus on building and enhancing capabilities across all these levels, to build the critical capabilities required to deliver on our strategy.

During FY20, we continued to design and deploy programs through our Leading the Way competency framework that reflects the future needs of the business. This work brings together critical technical leadership skills with those of strategy, team and individual leadership. Under this framework, we continued to deliver ‘Situational Leadership’, our flagship leadership program for people leaders, with an additional 183 leaders undertaking the course during FY20. A total of 627 people leaders, that is 84% of all people leaders, have now completed the course.

Work continued in FY20 to articulate and shape the organisational culture required to support our business strategy and long-term growth goals. This initiative has included extensive work undertaken by our Executive team in recognition of the critical role they play and example they each set for the rest of the organisation. We recognise that our HEAR Behaviours and Values also play a central role in bringing to life our desired culture and hence a review was conducted to define the specific standards and behaviours expected of directors, senior executives and all employees to fulfil our mission, meet our goals and serve our customers.

We continued to invest in leadership development and development planning activities with the introduction of several new courses including ‘Growing Your Career’, ‘Growing Your People’ and our new ‘Leadership Exchange Series’ where leaders share and learn from each other. As COVID-19 forced us to quickly change the way we work, we continued to provide leadership development and up-skilling programs to our people leaders virtually and provided support to employees in mental health and resilience as well as virtual leadership and collaboration. Organisation wide talent reviews and succession planning for senior management roles continue to be conducted bi-annually, with a focus on building bench strength for critical roles and to ensure the continued development of both leadership and professional talent. Our talent and succession activities continue to yield improvements as we have seen a decrease during the year in our reliance on external talent to fill roles and an increase in our internal bench strength.

Support the safety and wellbeing of our workforce

Cochlear has always been and continues to be committed to the safety and wellbeing of our people. We provide safe, healthy and supportive workplaces to all our people globally and aim to continuously improve our performance in safety and wellness.

The management of safety and wellbeing has never been so prominent and cohesive as it has been this year. When met with the declaration of a global pandemic with its multitude of effects on the business, one of our priorities has been the safety and wellbeing of our people. The safety and wellbeing of our workforce was reiterated in every global, regional and local communication, and will continue to be a significant factor as the organisation continues to operate into the future.

Our approach

During FY20, we continued to focus on a risk-based approach to the prevention of injury through our embedded strategic programs supporting early intervention of injury and continual improvement in processes. FY20 saw a focus on the global alignment in our Safety and Wellness reporting processes which allows us to effectively measure, review and refine a consistent approach to creating safe and well workplaces globally.

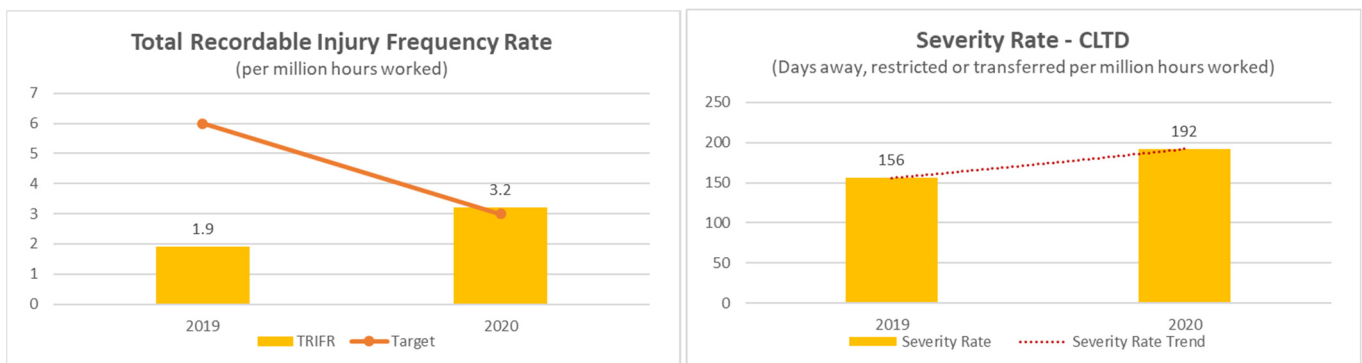
We were also able to provide significant support to the ongoing safety, health and wellbeing of our employees when in the latter part of FY20, following the announcement of a global pandemic, we had to move to and embrace a ‘new way of working’. Following the on-set of COVID-19 and the initiation of work from home practices (WFH) for those who could, there was a discipline of regular global communications from our CEO & President to assist people in managing what was a significant change, and to leverage our flexible workplace program, Flex@Cochlear. Due to these timely actions, we were able to immediately assist people in setting up a safe workplace in their homes.

Significant risk assessment support and frequent communication and consultation were undertaken to ensure that risks to essential employees remaining at the workplace, remained controlled. A dedicated global intranet site was also set up to provide current information and access to external links to support the communications and changes experienced by our employees.

Measures of progress in supporting our workforce during COVID-19 included a global pulse survey and close monitoring of the utilisation of our Employee Assistance Program. 86% of our global employees expressed their confidence in Cochlear to keep them safe during this time.

We recognise that our commitment to the promotion of health and wellbeing and the prevention of injury is critical to ensuring a supportive, sustainable and safe work environment for all employees. Early in 2018, we created a Mentally Healthy Workplace strategy, which was further refined in 2019 through the provision of ‘Mental Health for Managers’ courses. These courses assisted our people leaders in understanding how to create and sustain psychologically safe workplaces. The support for a psychologically safe workplace was particularly important as we entered a ‘new way of working’ during COVID-19. Newsletters, tips and hacks for WFH and management of remote teams were implicitly supported by internally designed and customised mental health courses. These were specifically developed to support the management of mental health during a crisis such as COVID-19. An additional 228 people globally participated in the courses during the year.

Safety performance as measured by Total Recordable Injuries and Severity rates is monitored monthly and continues to be expanded across our sites globally. The charts below show performance in FY20 compared to FY19 and demonstrate our maturing global reporting of incidents and injuries. Our Employee Assistance Programs are now offered globally, and future reporting on usage will be a valuable addition to our Safety and Wellness dashboard.



Our focus for the future will be to consolidate our already significant work on injury prevention and early intervention, to continue to support psychologically safe workplaces and, with a ‘new way of working’ in mind, ensure that we have a strategic and risk-based approach to flexible working which will feature in our workplace of the future.

Governance



At Cochlear, we have a proud history of helping people hear for almost 40 years – and with that comes a great responsibility. Through our high-quality products and services, we have worked hard to earn the trust of those using our hearing implants – as well as the professionals who support them. Cochlear is committed to carrying out its business fairly, honestly, and legally, wherever we operate around the world. Cochlear recognises 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 its Corporate Governance Statement, available on the Investors or Investor Centre section of the Company’s website (depending on your location).

We have identified the following ESG objectives in line with our commitment to acting ethically and responsibly, complying with all applicable laws and regulations, and maintaining high standards of business ethics and integrity:

ESG focus topic	Objectives
Act lawfully, ethically and responsibly	Maintain a quality board and governance structure Monitor and support human rights governance in our supply chains
Ensure financial and non-financial transparency	Make timely and balanced disclosure
Manage business risks	Proactively manage our principal business risks
Strengthen data privacy and security	Safeguard the security and privacy of customer data

Act lawfully, ethically and responsibly

Maintain 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 has a charter which clearly sets out its role and responsibilities, and describes those matters expressly reserved for the Board's determination. The Board Charter is available in the 'Investors' or 'Investor Centre' section of the Company's website. The Board currently consists of nine independent non-executive directors, of which two are women, and one managing director, the CEO & President.

Cochlear's Constitution requires one-third of its non-executive directors to retire from office at every annual general meeting and no Director may serve longer than three years without standing for re-election. We annually assess the Board's mix of skills, knowledge, expertise and diversity required to discharge its duties.

Cochlear sets the 'tone at the top' by instilling and continually reinforcing a culture of acting lawfully, ethically and responsibly. Cochlear's Global Code of Conduct, which is endorsed and supported by senior management, with the CEO & President providing the opening message encouraging use of the Code in day-to-day work, is a meaningful statement of Cochlear's core values and is a commitment to act lawfully, ethically and responsibly. Cochlear conducts mandatory training on the Global Code of Conduct for all staff on an annual basis.

The Cochlear Global Code of Conduct sets the baseline rules 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. 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.

Monitor and support human rights governance in our supply chains

We are currently improving our supplier due diligence assessments to support sustainable and ethical procurement. During FY20, Cochlear worked with its suppliers to encourage the standards set out in the Supplier Code of Conduct in relation to labour rights, safety and wellbeing, environmental sustainability, and ethical trading. We expect our suppliers to comply with all relevant legislation and to carry out their own measures to ensure that their suppliers, partners and distributors comply with our Supplier Code of Conduct.

To assist the liquidity of our small business suppliers, especially during COVID-19, we have accelerated payment terms in accordance with the voluntary [Australian Supplier Payment Code](#) to support our supply chain partners in Australia.

We have also designed a supplier on-boarding 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. 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 UK Modern Slavery Statement for more details.

Ensure financial and non-financial transparency

Make 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. Cochlear's 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. Cochlear discloses to the market all material issues relating to the Company in a timely, clear, factual, complete and balanced manner and to 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, Strategy Overview and ESG Report, which are available on the Investors or Investor Centre section of the Company's website.

Manage business risks

Cochlear has established a Risk Management Policy which is overseen by the Board. The Policy provides a risk management framework for the oversight and management on a continuing basis of the material business risks associated with Cochlear's activities. The Board has delegated the day-to-day implementation of the Risk Management Framework to the Risk Management Committee (an internal committee of senior executives) and the Audit and Risk Committee (consisting of independent non-executive directors) is the principal committee of the Board responsible for overseeing risk. The Audit and Risk Committee advises the Board on risk management and reviews the Risk Management Framework (at least annually) to ensure that it continues to be sound. The Audit and Risk Committee also assists the Board in ensuring that the Company maintains appropriate accounting and financial reporting practices, an independent external audit process, and effective risk management and internal control systems.

We use our Risk Management Framework as a basis to assess business, environmental and safety risks. Our Risk and Assurance team maintains and monitors a register of business risks, including ESG-related risks, which the team reviews at least annually, and acts to further assess and mitigate these risks via the Internal Audit program. Our 2020 Annual Report outlines Cochlear's material business risks in the Business risks section in the Operating and financial review and identified management strategies to mitigate these risks.

Strengthen data privacy and security

Safeguard the privacy and security of customer data

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 Policy. 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. We take a multi-layered approach, with several controls and countermeasures protecting infrastructure, systems and data.

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Global Reporting Initiative (GRI) Index

Cochlear considered the GRI 2016 Sustainability Reporting Standards in the development of this report. This index includes links to the information and the relevant disclosures.

GRI	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	2020 Annual Report
102-6	Markets served	p.5 Company overview
102-7	Scale of organization	p.5 Company overview
102-8	Employees	p.5 Company overview
102-9	Supply chain	p.22 Enhance supply chain sustainability
102-11	Precautionary Principle	Environmental Policy
102-12	External programs	p.11-19 Communities and our engagement
2. Strategy		
102-14	Senior Mgt	p.36 2020 Annual Report
102-15	Key risks	p.29 2020 Annual Report
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	Corporate Governance
102-19	Delegating authority	Board of Directors
102-20	Exec responsibility	Corporate Governance
102-22	Governance body	Board of Directors
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	Remuneration Policy
102-36	Remuneration process	Remuneration Policy Performance Evaluation
102-37	Stakeholder involvement	Remuneration Policy
102-38	Total compensation	2020 Annual Report
102-39	% increase	2020 Annual Report

GRI	GRI Metric	Reference
102-39	Board industry experience	Board of Directors
102-39	Average Tenure	Board of Directors Senior Executives
102-39	Management Ownership	2020 Annual Report
5. Stakeholder engagement		
102-41	Collective bargaining	Global Code of Conduct
6. Reporting practice		
102-45	Entities included	2020 Annual Report
102-46	Report content	p.2 About this report
102-47	Material topics	p.6 Cochlear's ESG framework
102-50	Reporting period	1 July 2019 to 30 June 2020
102-51	Date of most recent report	August 2019
102-52	Reporting cycle	Annual
102-53	Contact point	Kristina Devon, Head of Investor Relations
102-55	GRI Content	Refer to this index
102-56	External assurance	Self-assurance only
102-56	Tax Strategy	2020 Tax Contribution Report
102-56	Tax Reporting	2020 Tax Contribution Report
102-56	Effective Tax Rate	2020 Tax Contribution Report
Management Approach		
103-1	Material topics	p.6 Cochlear's ESG framework
103-2	Management approach	p.6 Cochlear's ESG framework
103-3	Evaluation	p.6 Cochlear's ESG framework
Economic Performance		
201-1	Direct economic value	2020 Annual Report
201-3	Defined benefit plan	2020 Annual Report
201-4	Government assistance	2020 Annual Report
Procurement practices		
204	Management approach	Supplier Code of Conduct
Anti-Corruption		
205	Management approach	Global Code of Conduct Anti-Bribery Policy 2020 Corporate Governance Statement
205-1	Risk assessment	Risk Management Policy 2020 Annual Report
205-2	Communication & training	2020 Corporate Governance Statement
205-3	Reported incidents	No incident
Anti-Competitive Behaviour		
206	Management approach	Global Code of Conduct
Energy		
302-1	Energy consumption	p.21-22 Improve energy efficiency and reduce GHG emissions
302-2	Scope 3	p.21-22 Improve energy efficiency and reduce GHG emissions
302-3	Energy intensity	p.21-22 Improve energy efficiency and reduce GHG emissions
302-4	Reduction in consumption	p.21-22 Improve energy efficiency and reduce GHG emissions
Water and Effluents		
301-5	Water consumption	p.22 Improve resource efficiency
Emissions		

GRI	GRI Metric	Reference
305	Management approach	p.21-22 Improve energy efficiency and reduce GHG emissions
305-1	Direct Scope 1	p.21 Total Scope 1 Emissions
305-2	Indirect Scope 2	p.21 Total Scope 2 Emissions
305-3	Other Scope 2	p.21 Total Scope 2 Emissions
305-4	Emissions intensity	p.21 Energy Intensity
305-5	Reduction	p.21-22 Improve energy efficiency and reduce GHG emissions
Environmental Compliance		
307-1	Non-compliance	p.21 Enhance environmental management
Supplier Environmental Assessment		
308-1	Screening	Supplier Code of Conduct p.22-23 Enhance supply chain sustainability
Employment		
401	Management approach	p.24-28 People & Culture
401-1	Employee turnover	p.25 People & Culture
401-2	Benefits	2020 Annual Report
401-3	Parental leave	p.24-28 People & Culture
	Staff Engagement Trend	p.24-28 People & Culture
Labour/Management Relations		
402	Management approach	Global Code of Conduct
Occupational Health and Safety		
403-1	WHS management system	p.27-28 Support the health and wellbeing of our workforce
403-2	Risk assessment	2020 Annual Report
403-3	Health services	p.27-28 Support the health and wellbeing of our workforce
403-4	Worker participation and consultation	p.27-28 Support the health and wellbeing of our workforce
403-6	Promotion of health	p.27-28 Support the health and wellbeing of our workforce
403-7	Prevention and mitigation	p.27-28 Support the health and wellbeing of our workforce
403-8	Coverage	p.27-28 Support the health and wellbeing of our workforce
403-9	Injuries	p.27-28 Support the health and wellbeing of our workforce
Training and Education		
404	Management approach	p.27 Develop talent
404-2	Programs	p.27 Develop talent
Diversity and Equal Opportunity		
405	Management approach	Global Code of Conduct p.25-26 Build a diverse and inclusive workplace
Non-Discrimination		
406	Management approach	Global Code of Conduct
406-1	Incidents	No incident
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
408-1	Incidents	Modern Slavery Statement – No Incident
Forced or Compulsory Labour		
409	Management approach	Global Code of Conduct Supplier Code of Conduct

GRI	GRI Metric	Reference
409-1	Operations	Modern Slavery Statement – No Incident
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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
412-1	Operations and disclosure	Modern Slavery Statement – No Incident
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413	Management approach	Communities and Networks p.11-19 Communities
Supplier Social Assessment		
414	Management approach	Global Code of Conduct Supplier Code of Conduct
Public Policy		
415	Management approach	Global Code of Conduct
Customer Health & Safety		
416	Management approach	p.17 Focus on product quality and implant reliability
416-1	Safety assessment on products	Annual Cochlear Nucleus Implant Reliability Report
416-2	Incidents	Annual Cochlear Nucleus Implant Reliability Report
Marketing and Labelling		
417	Management approach	p.30 Act lawfully, ethically and responsibly
Customer Privacy		
418	Management approach	Privacy Policy Online Terms of Use
418-1	Data breach/Complaints on privacy	No incident p.31 Strengthen data privacy and security
Socioeconomic Compliance		
419	Management approach	Global Code of Conduct
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 600,000 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

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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