



Cochlear Limited
**Corporate
Governance
Statement 2023**





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Cover: Jonas, Cochlear™ Nucleus® System recipient



Letter from the Chair

We are pleased to present this 2023 Corporate Governance Statement. At Cochlear Limited (the **Company** and **Cochlear**), we have a proud history of having provided the gift of hearing for over 40 years – and with that comes a great responsibility.

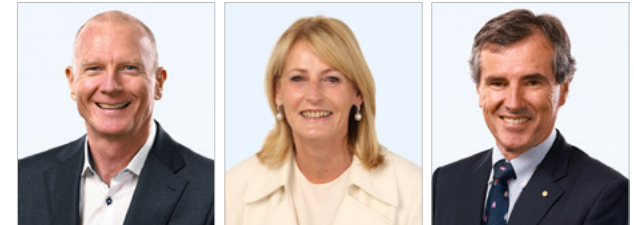
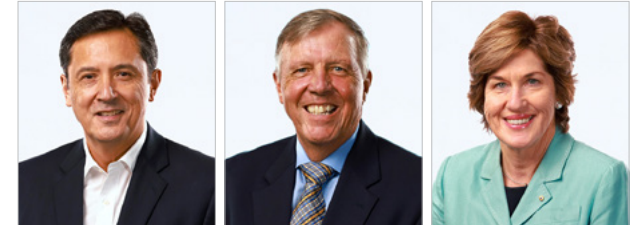
Through our high-quality products and services, we have worked hard to earn the trust of our recipients as well as of the professionals that support them. We are committed to high standards of corporate governance and transparency, with a focus on preserving and enhancing our reputation and long-term sustainability.

The Board is responsible for the overall corporate governance of the Company including adopting appropriate policies and procedures designed to ensure that Cochlear is properly managed to create, protect and enhance shareholder value. The Board and its committees regularly review Cochlear’s governance arrangements and practices to maintain compliance with regulatory requirements and industry practice, and to ensure that they continue to support Cochlear’s business objectives. Our directors, senior executives and employees are expected to act ethically, lawfully and responsibly at all times.

The Board considers that Cochlear’s corporate governance practices have been consistent with the recommendations contained in the fourth edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations released on 27 February 2019 (**ASX Principles and Recommendations**) throughout the reporting period from 1 July 2022 to 30 June 2023 (**FY23**). This Statement outlines our principal governance arrangements and practices for effective decision-making and accountability. It is current as at 14 August 2023 and has been approved by the Board.

For more information on Cochlear and its corporate governance, including Company policies, please go to the ‘Investors’ section of the Company’s website www.cochlear.com.

Alison Deans
Chair



Cochlear’s Board of Directors from top left: Alison Deans (Chair), Yasmin Allen, AM, Glen Boreham, AM, Sir Michael Daniell, KNZM, Michael Del Prado, Andrew Denver, Christine McLoughlin, AM, Dig Howitt (CEO & President), Karen Penrose, and Prof Bruce Robinson, AC



Roles and responsibilities of the Board and management

The role of the Board is to set Cochlear’s strategic direction for the creation, maintenance and enhancement of long term sustainable value, to guide and monitor the management of the Company and its implementation of the strategy and to oversee good governance practice.

The Board aims to protect and enhance the interests of Cochlear’s shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

In performing its role, the Board is committed to a high standard of corporate governance practice and to fostering a culture of compliance which values ethical, lawful and responsible 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 on the Company’s website.

The CEO & President has responsibility for the implementation of Cochlear’s strategic objectives, operating within the risk appetite set by the Board and for the day-to-day management of Cochlear. The CEO & President is supported in this function by the Cochlear Executive team. Details of the members of the Executive team are set out in the Governance and risk section of the 2023 Annual Report, available on the Company’s website.

A summary of the Board’s key responsibilities is set out below.

Key Board responsibilities

Strategy	Set the strategic direction, provide input into management’s development of corporate strategy, approve the strategy and oversee management’s implementation.
Culture	Provide input into management’s development of the target culture, approve the target culture and oversee the implementation of programs by management.
Financial and other reporting	Approve Cochlear’s interim and annual financial statements and oversee the integrity of Cochlear’s accounting and corporate reporting systems.
Corporate governance	Review, ratify and monitor the effectiveness of Cochlear’s systems of governance, risk management and internal compliance and control, legal compliance, codes of conduct and other corporate governance policies and practices.
Risk management framework	Satisfy itself that Cochlear has in place an appropriate risk management framework. Set the risk appetite within which the Board expects the CEO & President and the Executive team to operate.
Board performance and composition	Undertake regular external and independent evaluation of Board performance. Review annually the composition of the Board.
Leadership selection	Select and evaluate the performance of the CEO & President.
Succession and remuneration planning	Plan Board, CEO & President and Executive succession and remuneration.
Sustainability	Consider the social, ethical and environmental impact of Cochlear’s activities and operations. Approve corporate sustainability policies and monitor compliance with Cochlear’s sustainability responsibilities, policies and practices.
Material transactions	Approve any unbudgeted expenditure and capital transactions, outside the authority delegated to management.



Structure and composition of the Board

Cochlear is committed to ensuring that the composition of the Board continues to include directors who bring an appropriate mix of skills, experience, knowledge, expertise and diversity, including gender diversity, required to discharge the Board’s duties.

The Board currently comprises ten directors, including nine independent non-executive directors. Details of the directors, including their qualifications and date of appointment, are set out below. Detailed biographies of the directors are set out in the 2023 Annual Report, available on the Company’s website.

The Board is of the view that the tenure profile, represented by the length of service of each of its directors on the Board, is appropriately balanced such that Board succession and renewal planning is managed over the medium to longer term. The current directors possess an appropriate mix of skills, experience, knowledge, expertise and diversity to enable the Board to discharge its responsibilities, including overseeing the delivery of the Company’s strategic priorities.

The full Board meets for at least eight scheduled meetings each year. Other meetings are called as and when necessary. A summary of meeting attendance, including committee meeting attendance, for FY23 is set out in the 2023 Annual Report at page 109.

In addition to the scheduled Board meetings each year, the Board has frequent interactions across the Company in different jurisdictions, through site visits and out of cycle sessions with our leaders on topical areas relevant to our global business.

Governance framework





Board tenure and qualifications

Name of director	Independent	Term in office	Qualifications
Alison Deans	Yes	Director since January 2015 Chair since 21 August 2021	BA, MBA, GAICD
Dig Howitt	No	Director since November 2017	BE (Hons), MBA
Andrew Denver	Yes	Director since February 2007	BSc (Hons), MBA, FAICD
Yasmin Allen, AM	Yes	Director since August 2010	BCom, FAICD
Glen Boreham, AM	Yes	Director since January 2015	BEc, FAICD
Prof Bruce Robinson, AC	Yes	Director since December 2016	MD, MSc, FRACP, FAAHMS, FAICD
Sir Michael Daniell, KNZM	Yes	Director since January 2020	BE (Hons), Electrical, CMInstD
Christine McLoughlin, AM	Yes	Director since November 2020	BA LLB (Hons), FAICD
Michael del Prado	Yes	Director since January 2022	BSc Industrial Engineering, MBA, MA
Karen Penrose	Yes	Director since July 2022	BCom, CPA, FAICD

Board experience and skills

The Board believes that its membership should comprise directors with an appropriate mix and diversity of skills, professional experience, knowledge and expertise that allow the directors individually, and the Board collectively, to:

- discharge their responsibilities and duties;
- understand the Company's business and the industry and markets in which Cochlear operates so as to set the strategic direction which will maximise shareholder value; and
- assess the performance of management in implementing those strategic objectives.

A description of each Board member's experience is set out in their respective biographies on pages 77 to 80 of the 2023 Annual Report.

The Cochlear Board Skills Matrix below sets out the mix of skills that the Board currently has in its membership. The layout of the Matrix takes into account the commentary to Recommendation 2.2 of the 4th edition of the ASX Principles and Recommendations by outlining in detail the criteria a director must meet to be considered to have each skill.

In selecting potential new directors, the Nomination Committee uses the Matrix as part of assessing the needs of the Board and its current composition to ensure there is a range of skills and experience required to enable the Board to fulfil its responsibilities. The Nomination Committee considers that the members of the Board currently have an appropriate mix of skills, experience, knowledge and expertise to enable the Board to discharge its duties and responsibilities effectively.



Board Skills Matrix

Skills	Criteria	No. of Directors (10)*
<p>Medical device industry</p> <p>Capability to oversee product commercialisation by applying a deep understanding of the medical device industry.</p>	<ul style="list-style-type: none"> Professional, senior executive or equivalent experience in medical device product development and commercialisation including experience managing product design, manufacturing operations, quality systems and detailed knowledge of markets, customers, competition and regulatory environment in the medical device industry. 	7
<p>Healthcare industry</p> <p>Competency in the healthcare industry including international health systems and medical science. Ability to influence public policy development in healthcare.</p>	<ul style="list-style-type: none"> Professional, senior executive or equivalent experience in a large organisation in the healthcare industry with a focus on the provision of products and/or services to treat patients with curative, preventative and rehabilitative care. Experience interacting with government or regulatory bodies, including making submissions on public policy objectives and outcomes in healthcare. 	9
<p>Research and development</p> <p>Ability to develop product innovation to drive long-term business growth through strategic investment in research and development activities.</p>	<ul style="list-style-type: none"> Experience leading the research and development or product development function of a large organisation. Experience overseeing capital investment in product research and development activities. Experience leading clinical research and development projects. 	7
<p>Technology and digital expertise</p> <p>Ability to leverage new technologies, innovation processes and digital services to drive growth, realise scale benefits and enhance the customer experience.</p>	<ul style="list-style-type: none"> Experience working in a company with a major focus on technology and innovation and knowledge of cyber and information security practices. Experience overseeing the development and commercialisation of technology, innovation processes and/or digital services to drive growth, realise scale benefits and enhance the customer experience. Experience in the use and governance of critical information technology infrastructure and applications. 	10
<p>Strategy</p> <p>Ability to develop and implement successful strategies.</p>	<ul style="list-style-type: none"> Director, senior executive or equivalent experience in developing and implementing organisational strategy. Experience: <ul style="list-style-type: none"> setting a strategic direction for a business; driving organic growth in a large organisation; executing against a clear strategy; and overseeing management to ensure strategic objectives are delivered. 	10
<p>Global experience</p> <p>Ability to manage and oversee an organisation's business and strategic objectives from an international perspective.</p>	<ul style="list-style-type: none"> Senior executive or equivalent experience working in different countries in large organisations with significant international operations. Experience dealing in emerging markets, including in the Asia-Pacific region. Senior executive exposure to a range of political, cultural, regulatory and business environments. 	10

*as at 14 August 2023



Skills	Criteria	No. of Directors (10)*
<p>Financial acumen</p> <p>Ability to understand and analyse financial statements to assess financial performance and probe the adequacies of internal financial and risk controls. Understanding capital management and capital markets.</p>	<ul style="list-style-type: none"> • Qualifications in accounting and finance and/or board audit/risk committee, senior executive or equivalent experience in financial accounting and reporting, capital markets, corporate finance, financial risk management and internal financial controls. • Experience implementing or overseeing financial accounting, reporting and internal controls. • Experience in assessing complex capital management initiatives. 	9
<p>Public policy and regulatory affairs</p> <p>Ability to manage the implications of public and regulatory policy on product development and commercialisation. Ability to influence public policy development.</p>	<ul style="list-style-type: none"> • Experience at a senior executive or equivalent level in public and regulatory policy, including knowledge of how it affects corporations and implications for product development and commercialisation. • Experience interacting with government or regulatory bodies, including making submissions on public policy objectives and outcomes. 	7
<p>Risk management</p> <p>Ability to identify and manage key risks to an organisation to ensure the delivery of long-term value to shareholders.</p>	<ul style="list-style-type: none"> • Senior executive or equivalent experience identifying and managing risk and monitoring the effectiveness of risk management frameworks and internal controls. • Knowledge of contemporary risk management practices. 	10
<p>Sustainability</p> <p>Ability to oversee the integration of environmental, social and governance into business strategy and operations to support long term value creation for all stakeholders.</p>	<ul style="list-style-type: none"> • Experience overseeing strategies designed to respond to sustainability related risks and opportunities. • Knowledge of potential risks and opportunities arising from environmental and social matters. • Experience overseeing environmental, social responsibility and community programs in a large organisation. 	6
<p>Governance</p> <p>Commitment to the highest standards of governance. Ability to assess the effectiveness of process and procedures, and to manage legal, compliance and reputational risks.</p>	<ul style="list-style-type: none"> • Experience working in a listed organisation which is subject to rigorous governance standards. • Experience establishing and overseeing governance frameworks, policies and processes. • Knowledge and understanding of key governance issues and reputational risks for a listed organisation. • Experience in navigating complex stakeholder management including the interests of shareholders. 	10
<p>People and Culture</p> <p>Understanding of remuneration practices and frameworks. Ability to attract talent, oversee talent management and retention initiatives and develop succession plans. Ability to set and oversee corporate culture ('tone from the top').</p>	<ul style="list-style-type: none"> • Board remuneration committee membership or management experience in relation to remuneration, including incentive programs, superannuation and the legislation and contractual framework governing remuneration. • Experience overseeing: <ul style="list-style-type: none"> - key talent attraction, motivation, development, retention and succession planning; and - the management of workplace health and safety risks. • Experience setting and communicating organisational culture, including implementing or advising on cultural or organisational transformation initiatives, within a large organisation. • Understanding the connection between corporate strategy, business performance, desired behaviours, long-term sustainability and remuneration policy. • Experience overseeing the promotion of diversity and inclusion in a large organisation. 	10

*as at 14 August 2023



Chair

The Chair is responsible for leading the Board in the performance of its duties and is elected from the independent non-executive directors.

The roles of CEO & President and Chair are separate and are not performed by the same person.

The role of the Chair includes:

- representing the Board to shareholders and communicating the Board's position;
- leading the Board in the performance of its duties;
- facilitating and promoting constructive communication between directors and between Cochlear's Board and management;
- setting the Board's agenda and ensuring adequate time is available for discussion of all agenda items;
- assessing and agreeing the development plans of non-executive directors; and
- monitoring the contribution of individual directors and providing annual feedback on their performance and effectiveness.

Director independence

Cochlear recognises that independent directors have an important role in assuring shareholders that the Board is able to act in the best interests of Cochlear and independently of management.

A director of Cochlear is only characterised as an independent director if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Cochlear and its security holders generally.

The Nomination Committee Terms of Reference outlines how Cochlear determines the independence

of directors. The matters to be considered include the factors set out in the 4th edition of the ASX Principles and Recommendations, as well as other facts, information and circumstances that the Board considers relevant.

The Board reviews the interests notified by directors regularly and formally assesses director independence annually. The Board has determined that each director other than the CEO & President was independent throughout the reporting period.

The length of service of each director is disclosed under 'Structure and composition of the Board' in this Corporate Governance Statement. Two directors have served for more than ten years. In accordance with its Terms of Reference, the Nomination Committee has assessed whether any of these directors has become too close to management to be considered independent and does not believe that their independence has been compromised. At all times while they have been directors of Cochlear, each of these directors has also held other high-profile positions and appointments outside of Cochlear at a management and/or board level.

Conflicts of interest

Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or a material personal interest. Any director who considers they may have a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately.

The Company Secretary also monitors all information coming to the Board and its standing committees. Potential conflicts are flagged with the affected director and the Chair.

Independent advice

The Board may seek independent professional advice at the expense of Cochlear whenever the Board judges such advice to be necessary for its members to discharge their responsibilities as directors.

Individual directors may also seek independent professional advice at the expense of Cochlear where the Chair agrees

(in advance) that separate representation is appropriate. All professional advisors must be suitably qualified and experienced and must be acceptable to Cochlear. No individual directors exercised this right during the year.

The role of the Company Secretary

The Company Secretary supports the effectiveness of the Board and its committees including in relation to governance matters, policy and procedures, preparation and dispatch of papers, minute taking and induction and professional development of directors. All directors have access to the services and advice of the Company Secretary. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and Board committees.

Committees of the Board

Cochlear has adopted a Board committee structure as part of our Governance Framework (page 4) that is directly relevant to our business, follows the ASX Principles and Recommendations and best supports the Board in its commitment to a high standard of corporate governance practice. Each Board committee has an independent director as its Chair and comprises members who are independent directors. All Board members are sent Board committee meeting agendas and may attend any Board committee meeting. Subsequent to each Board committee meeting, the minutes are included in the Board papers and presented to the Board by the respective Board committee Chairs.

The CEO & President and other executives are invited to the meetings at the discretion of the committees. An assessment of the technical expertise of the committees' members occurs on an annual basis. Terms of Reference of each committee is available on the Company's website. A summary of Board committee meeting attendance for FY23 is set out in the 2023 Annual Report at page 109.



Overview of Board committees

Audit and Risk Committee	Medical Science Committee	People and Culture Committee	Product and Services Innovation Committee	Nomination Committee
Members				
Karen Penrose (Chair - effective 17 February 2023) Yasmin Allen, AM (Chair - until 16 February 2023) Glen Boreham, AM Sir Michael Daniell, KNZM Andrew Denver Christine McLoughlin, AM	Prof Bruce Robinson, AC (Chair) Sir Michael Daniell, KNZM Michael del Prado Andrew Denver Dig Howitt	Glen Boreham, AM (Chair) Yasmin Allen, AM Christine McLoughlin, AM Prof Bruce Robinson, AC Karen Penrose (from 17 February 2023)	Sir Michael Daniell, KNZM (Chair) Alison Deans Yasmin Allen, AM Glen Boreham, AM Michael del Prado Andrew Denver Christine McLoughlin, AM Karen Penrose Prof Bruce Robinson, AC Dig Howitt	Alison Deans (Chair) Yasmin Allen, AM Glen Boreham, AM Sir Michael Daniell, KNZM Michael del Prado Andrew Denver Christine McLoughlin, AM Karen Penrose Prof Bruce Robinson, AC

Responsibilities include:

- Review financial statements and other financial information distributed externally, corporate reporting and external audit reports
- Review and monitor key policies and procedures to ensure compliance with relevant laws, regulations, ASX Listing Rules and other legislative and reporting requirements
- Oversee selection and appointment of the external auditor and assess their performance
- Ensure independence of the internal audit function from external auditors
- Review risk management practices and effectiveness of Cochlear's risk management framework at least annually
- Monitor risk assessment and the establishment of an internal control framework
- Oversee clinical strategy and its implementation by management
- Oversee Cochlear's quality systems, including institution of critical corrective actions
- Oversee Cochlear initiated or sponsored clinical studies and literature research
- Monitor risk management and the adequacy of internal controls with respect to medical risks associated with Cochlear's activities
- Make recommendations to the Audit and Risk Committee with respect to medical risks associated with Cochlear's activities
- Review and monitor the strategies that shape organisational culture, ensuring management fosters a healthy culture that promotes legal, ethical and responsible behaviour
- Oversee the development, maintenance and monitoring of talent management policies, programs and procedures
- Develop and recommend to the Board workplace health and safety metrics and initiatives to ensure a safe working environment at Cochlear
- Monitor the implementation of Cochlear's Diversity Policy and set measurable objectives for achieving diversity
- Review and make recommendations to the Board on the remuneration of the Chair and other non-executive directors; and determine remuneration for the CEO & President and other senior executives
- Oversee the Company's strategy and implementation for product and related services innovation and business development
- Oversee resource allocation to support Cochlear's agreed corporate strategy
- Monitor risk management and the adequacy of internal controls to manage risks associated with the product and services research and development aspects of Cochlear's business
- Review composition of the Board and mix of expertise, skills, knowledge and diversity
- Recommend to the Board candidates the Committee considers appropriate for appointment, re-election or removal from the Board
- Establish and maintain process for performance evaluation of individual directors and the Board as a whole
- Establish and maintain the selection, appointment and succession planning process for the CEO & President
- Ensure effectiveness of induction process for individual directors
- Assess the independence of directors and review any changes in interests, positions, associations or relationships

FY23 meetings: (individual attendances of Board committee members are disclosed on page 109 of the 2023 Annual Report)

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Board performance and succession planning

Director appointment and election

A director appointed to the Board must stand for election at the next Annual General Meeting (AGM). Directors (excluding the Managing Director) must stand for re-election at the third AGM following their election. There is no limit on director tenure.

A recommendation that the Board supports an existing director standing for election or re-election is not automatic. Potential candidates for the Board as well as directors standing for re-election are all assessed according to a number of factors, including but not limited to:

- skills, experience, knowledge, personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance board effectiveness;
- diversity (in its broadest sense) of board composition;
- capacity to devote the time and commitment to the role; and
- potential conflicts of interest and independence.

Before any potential candidate is appointed as a senior executive or director, or recommended to shareholders as a candidate for election as a director, appropriate background checks are performed including as to the person's criminal record, bankruptcy history, character, experience and education. Cochlear provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Director induction and development

New directors receive a letter of appointment that sets out their duties, the Company's expectations and the terms and conditions of their appointment.

New non-executive directors are provided with an induction program. The program includes the provision of a briefing pack, online and face-to-face product training, one-on-one meetings with the CEO & President and the executive team and visits to key functional areas. On an ongoing basis, directors are provided with papers, presentations and briefings on matters which may affect the business or operations of Cochlear.

All directors are expected to maintain the skills required to discharge their obligations to the Company and to this end the Cochlear Board Education Program outlines the learning requirements and activities to achieve this. Directors are encouraged to undertake continuing professional development training relevant to the discharge of their duties as directors of the Company. Directors may also approach the Chair with requests to pursue learning related to the fulfilment of Board and Board committee duties, such as attendance at conferences.

Subject to consultation with the Company Secretary, the reasonable cost of continuing education and training is met by Cochlear. To assist the directors in maintaining an appropriate level of knowledge of the operations of the Company, directors undertake site visits each year to Cochlear's operations overseas and, on a less frequent basis, in Australia. These visits provide directors with an immersive experience, including customer visits, interactions with

recipients, meeting and spending time with leadership and employees in regional offices and a deeper understanding of individual key markets. During FY23, directors visited Cochlear's operations in the United Kingdom and Germany.

The Nomination Committee periodically reviews ways in which the skills, experience, and expertise levels of existing directors can be enhanced through learning and continuing professional development.

Board performance evaluation

The Chair evaluated the performance of individual directors, in respect of the reporting period, in accordance with a process agreed with the members of the Nomination Committee.

The performance of the Board is externally/independently reviewed regularly, with the most recent review being undertaken between April and June 2022. This review also included the performance of the Chair. The key findings of the review were discussed at the following Nomination Committee meeting.

Each committee of the Board annually reviews its performance and makes recommendations to the Board for improving the effectiveness of the committees. A performance evaluation of each of the Board committees was undertaken in respect of the reporting period.



Governance policies

The Board considers that the governance policies and practices adopted by Cochlear during the reporting period ended 30 June 2023 follow the recommendations contained in the ASX Principles and Recommendations. Details of Cochlear's externally available corporate governance policies are summarised in the table below. The 'Investors' section of the Company's website contains access to all relevant corporate governance information, including information about the Company, Board and Committee charters and policies referred to below.

Global Code of Conduct

Cochlear's Global Code of Conduct sets a high standard of conduct, business ethics and integrity required of all our people around the world in driving our business forward. The Code incorporates our anti-bribery and corruption policy.

Whistleblower Protection Policy

Cochlear's Whistleblower Protection Policy aims to promote a culture of acting lawfully, ethically and responsibly by enabling Eligible Protected Persons to confidentially report suspected or actual misconduct in relation to Cochlear, without fear of reprisal, victimisation or disadvantage.

Continuous Disclosure Policy

Cochlear has obligations under the Corporations Act and 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's policy is to strictly comply with these requirements, and Cochlear discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure of other relevant documents.

Trading Policy

The ASX Listing Rules require Cochlear to have a trading policy which applies to its Key Management Personnel (KMP). This is in addition to the insider trading prohibitions of the Corporations Act which apply to all of Cochlear's directors, officers and employees (and their associates). The Trading Policy is an important tool in managing the risks associated with dealings in securities.

Risk Management Policy

Cochlear's Risk Management Policy provides the framework to manage the risks associated with all the activities of Cochlear.

Shareholder Communications Policy

Cochlear's communication to shareholders is based on openness and honesty. These principles are set out in the Shareholder Communications Policy.

Diversity & Inclusion Policy

Cochlear's Diversity & Inclusion Policy sets out Cochlear's commitment to providing an inclusive workplace that is diverse and representative of our customers and the communities in which we operate.

Share Ownership Policy

The purpose of the Cochlear Share Ownership Policy is to ensure appropriate alignment of the interests of Cochlear's executives with the financial interests of Cochlear's shareholders. The guidelines aim to create a share ownership focus and culture and to build long-term commitment to the Company by providing direction to KMP as to minimum levels of share ownership.

Clawback Policy

The Clawback Policy aims to provide the Board with the ability to claw back the remuneration outcomes of Cochlear's executives in relation to a material misstatement or misrepresentation.

Environmental Policy

Cochlear makes its best effort to minimise its impacts on the environment. The Company's Environmental Policy sets out how this is done.

Supplier Code of Conduct

Cochlear works with our suppliers to encourage standards on human rights and labour practices, safety and wellbeing, environmental sustainability and ethical trading.



Diversity and inclusion

As a global business, Cochlear is committed to providing an inclusive workplace that is diverse and representative of our customers and the communities in which we operate.

Diversity and inclusion are critical enablers to empowerment, innovation and transformation which are core to delivering our mission to help people hear and be heard.

Cochlear’s Diversity & Inclusion Policy provides that the Board’s People and Culture Committee establishes diversity-related measurable objectives and, assesses progress against them on an annual basis. The Committee has set the following measurable objectives:

- Achieve 40 | 40 | 20 gender balance in senior leadership roles and minimum of 30% female representation on the Board;
- All employees embrace diversity and foster an inclusive culture; and
- Create equal access to work to generate a wider pool of talent by making it easier for people to successfully work at Cochlear.

Cochlear’s workplace profile

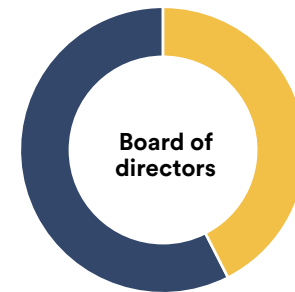
At Cochlear we examine the diversity of our people by both representation in our global footprint and headcount numbers within groups, using year on year comparisons. Doing this ensures we account for the increasing size of our workforce as the business grows.

Below is a summary of Cochlear’s workplace profile, which shows the percentage of females by employment category as of 30 June 2023.

One of our measurable objectives is achieving gender balance in senior leadership roles and on the Board. Overall, females represent 52% of Cochlear’s workforce. With persistent and consistent focus, we achieved 43% female representation in senior manager roles (Bands 1-3) in FY23, compared to 41% in FY22 and 38% in FY21. Despite this continued improvement, the representation percentage of females still decreases as the level of seniority increases.

Our progress towards achieving our FY23 objectives is set out in the Appendix.

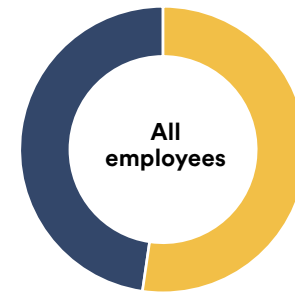
Cochlear is a “relevant employer” under the Workplace Gender Equality Act 2012 (Cth). Cochlear’s most recent Gender Equality Indicators (as defined in and published under the Act) are available on the Workplace Gender Equality Agency (WGEA) website at <https://www.wgea.gov.au/public-reports-0>. It should be noted that this data submitted to WGEA covers Australian-based staff only and does not represent Cochlear’s global workforce.



Board of directors	
30 June 2019	22%
30 June 2020	20%
30 June 2021	30%
30 June 2022	33%
30 June 2023	40%



Senior managers*	
30 June 2019	35%
30 June 2020	36%
30 June 2021	38%
30 June 2022	41%
30 June 2023	43%



All employees	
30 June 2019	53%
30 June 2020	53%
30 June 2021	52%
30 June 2022	52%
30 June 2023	52%

● Female ● Male

* For the purposes of this Statement, senior managers are defined as all managers in Bands 1, 2 and 3; the three most senior levels of roles within the Company, with Band 1 being the Executive Team.



Lawful, ethical and responsible behaviour

Our Company values – as demonstrated through our Global Code of Conduct and our global HEAR behaviours – serve as our compass and guide us on our expected behaviours.

HEAR Behaviours

Our HEAR Behaviours are integral to the way we behave, our Company’s culture and how we do business. We continue to embed them in our systems, policies and processes from recruitment of our talent, through to our performance management processes, leadership development and employee recognition and reward programs.



Global Code of Conduct

Cochlear is committed to acting lawfully, ethically and responsibly, wherever we operate around the world. This is reflected in our [Global Code of Conduct](#) (Code), which applies to all our employees, officers and directors, contracted staff, contractors and consultants and third parties that conduct business for or on behalf of Cochlear. The Code is a meaningful statement of Cochlear’s core values and sets out the expectations in which we conduct our business to ensure the highest standards of honesty, fairness, professionalism and integrity.

We are committed to providing a safe, healthy, fair and inclusive work environment and we articulate clear standards and expectations in our Code. Our customers and suppliers can expect honest and fair interactions with Cochlear and we include such topics as anti-bribery and corruption, insider trading, competition and consumer laws, human rights and confidentiality in our Code.

The Code is available on the Company’s website in English and other languages relevant for our global business. The Code 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. It is reinforced with mandatory training: induction training for new starters, annual online training for the entire global organisation and annual face-to-face training for those without access to our online training platform.

The Code is supplemented by local and regional Business Relationship Policies which govern our interactions with third parties, including healthcare professionals and customers.

Any material breach of the Code, including bribery and/or corruption, are reported to the Audit and Risk Committee.

Whistleblower Protection Policy

Cochlear is committed to creating and maintaining a lawful, ethical and responsible working environment that promotes good corporate governance. The Company’s Whistleblower Protection Policy empowers eligible persons to report any suspected or actual misconduct in relation to Cochlear. The [Whistleblower Protection Policy](#) is available on the Company’s website in English and other languages relevant for our global business.

Whistleblower reports made under the Whistleblower Protection Policy are confidential and may be made anonymously to any senior executive or to the independently-operated Cochlear Whistleblower Service. The Cochlear Whistleblower Service is available anywhere in the world, in multiple languages, 24 hours a day and 7 days a week. A link to the Cochlear Whistleblower Service is available on the Company’s website. A report may be made in one of four different ways using the Cochlear Whistleblower Service: online, by telephone, by email or by post. The Group General Counsel is notified of each report submitted through the service.

All material incidents reported under the Whistleblower Protection Policy are reported to the Audit and Risk Committee.



Remuneration and evaluation of senior executives

Remuneration

Cochlear's remuneration policy and practices are designed to attract, motivate and retain highly-qualified and experienced people across diverse geographies.

The Board is responsible for Cochlear's remuneration strategy and policy. Cochlear has disclosed its policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives in the Remuneration report in the 2023 Annual Report.

Equity-based executive remuneration awards are made pursuant to the Cochlear Executive Incentive Plan (CEIP). It is the Company's policy that participants in the CEIP are not permitted to enter into transactions (whether through the use of derivatives or otherwise) to limit the economic risk of participating in the CEIP. The Trading Policy and the CEIP documents include provisions to reflect this position. The Trading Policy is published on the Company's website. The CEIP documents are not published as they are internal documents.

Senior executive performance evaluation

The CEO & President and each senior executive have a written contract with the Company, setting out the terms of their appointment or employment (as applicable) including details of their role, responsibilities, remuneration and their disclosure/compliance obligations.

The importance of a clear relationship between management performance and the assessment of remuneration is reflected in the Company's approach to evaluating management performance. All employees, including senior executives, participate in annual performance reviews, where achievement of key goals is discussed and assessed and future goals are agreed upon. The Chair facilitates the performance evaluation of the CEO & President with ultimate oversight by the Board.

A performance evaluation for the CEO & President and the executive team took place during the reporting period and was carried out in accordance with the above process.

Communication with shareholders

Shareholder engagement

Shareholders and other stakeholders are informed of all material matters affecting the Company through ASX announcements, periodic communications and a range of forums and publications. The 'Investors' section of the Company's website contains a range of information that may be useful to shareholders, including the dedicated section on 'Shareholder communications'. Shareholders have the option to receive communications from, and send communications to, the Company and its share registry electronically.

Information most likely to be of interest to shareholders is available under the 'Investors' section of the Company's website and includes the Company's published reports, presentations and webcasts, shareholder meeting details, company policies and material ASX announcements.

Cochlear provides regular email notifications of major events or periodic corporate reporting, including results announcements.

Other shareholder engagement activities include:

- the Annual General Meeting (AGM);
- the Annual Report, including integrated sustainability reporting;
- Corporate Governance Statement;
- Tax Contribution Report; and
- regular releases of financial information and material news, including interim and full year financial results.

The Company has an investor relations program designed to facilitate effective two-way communications with analysts, investors, proxy advisors and the media. The Company provides a forum to address individual shareholders' questions at each AGM. In addition to attending the AGM, shareholders may view a webcast of the AGM online and it is the Company's practice to conduct voting on all resolutions put to the AGM by poll. Shareholders who are unable to attend the AGM are able to submit questions and comments to Cochlear in advance of the meeting. Where appropriate, questions submitted will be answered at the AGM.



The Company held its 2022 AGM as a hybrid meeting offering shareholders a choice to either attend the AGM in person or online.

Advance notice of the timing of half year and full year results announcements is provided on the Cochlear website. Copies of new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation and are also made available via the Cochlear website.

The Board receives from the Company Secretary copies of all material market announcements promptly after they have been made.

Continuous disclosure

Cochlear has established processes to enable the Company to provide shareholders and the market generally with timely, direct and equal access to relevant information. It is our practice to make public disclosures of information that a reasonable person would expect to have a material effect on the price or value of our securities, unless an exception applies under the ASX Listing Rules or other applicable regulatory requirements.

The Company's Continuous Disclosure Policy aims to:

- achieve compliance with continuous disclosure regulatory requirements;
- clarify responsibilities of Cochlear's Board, Continuous Disclosure Committee, Company Secretary and all other Cochlear personnel; and
- promote investor confidence in the integrity of Cochlear and its securities.

The Continuous Disclosure Policy is available on the Company's website.

Risk management and assurance

Cochlear is committed to the identification, monitoring and management of material financial and non-financial risks associated with its business activities such as actions by competitors, technological developments, market changes, government policy changes and exchange rate movements captured in the enterprise Risk Register.

The Board sets Cochlear's appetite for risk and provides oversight of the practices used by management to govern risk, and addresses specific issues escalated by its Audit and Risk Committee or management. The Board recognises that a sound culture is fundamental to an effective risk management framework. Cochlear promotes a culture which values the principles of honesty, transparency, integrity, fairness, constructive challenge and accountability, and these values are reflected in the Global Code of Conduct. Senior management across Cochlear are responsible for reinforcing and modelling the key behaviours required to maintain a sound risk culture, including encouraging constructive reporting, challenging and transparency. These elements are necessary to support effective risk management and awareness, and to support appropriate behaviours and judgements about risk taking.

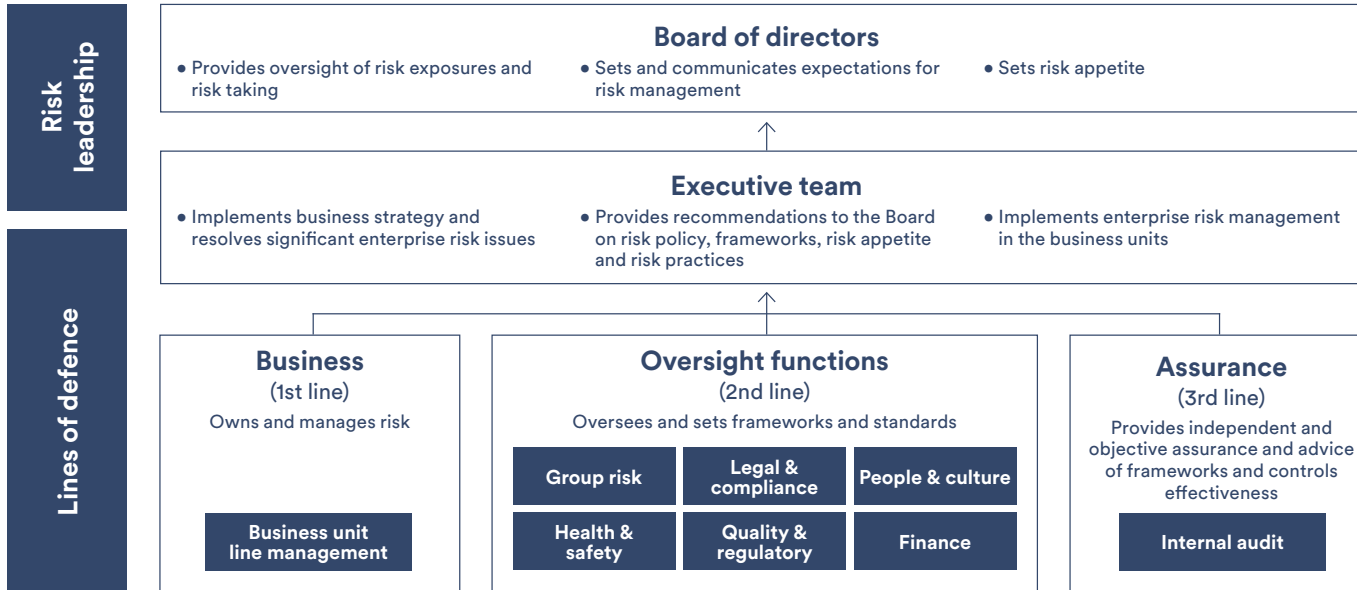
All employees and contractors are responsible for compliance with policy and procedure controls to manage risk. Management is responsible for the day-to-day monitoring of risks and the effectiveness of risk management systems. Cochlear's senior management reports to the Board, through the Audit and Risk Committee, on the adequacy of the risk management systems and processes. Regional Presidents are accountable for risk management outcomes, and day-to-day compliance, in their respective regions.

The risk management framework has regard to relevant regulations, standards and guidelines including the ASX Principles and Recommendations and the Australian/ New Zealand standard AS/NZS ISO 31000:2018 Risk management – Principles and guidelines. The annual review of this framework by the Audit and Risk Committee was last conducted in May 2023.



Risk management oversight

The diagram below sets out a high level description of how risk governance operates at Cochlear together with key responsibilities of the Board, the Executive team, Internal Audit and the business units, and incorporates the three lines model for how risk is managed.



- regular reporting to the Executive team and the Audit and Risk Committee on the results of its audits.

The Audit and Risk Committee reviews and approves the Internal Audit Plan every six months. It also reviews the hiring and performance of the Vice President Group Risk and Assurance and the internal audit function. This process was followed during the reporting period.

Assurances by management

The Board received CEO & President and Chief Financial Officer certifications during the reporting period in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles and Recommendations.

Corporate reporting

Cochlear has an internal verification and approval process to support the integrity of the information being disclosed in periodic corporate reports that are released to the market and which are not required to be audited or reviewed by our external auditor. The specific process for each periodic corporate report will vary depending on the particular release but may generally involve:

- the individuals with responsibility for the information;
- validating key information back to the source;
- confirming to the best of their knowledge and belief that the information is accurate and not misleading;
- the review of the report or document by relevant internal subject matter experts (and in some cases our external advisers); and
- the review by and confirmation from the individual responsible for the corporate report that it is appropriate for release.

Periodic corporate reports released to the market may also, depending on the report, be required to be approved by the Board or the Audit and Risk Committee.

Environmental and social risks

Cochlear’s enterprise risk management approach includes assessment of our environmental and social risks. Due to the nature of our business and value chain, Cochlear does not have any material exposure to environmental or social risks at this time. We have identified material sustainability topics as outlined in the “Sustainability approach” section of the 2023 Annual Report and we describe our actions in the relevant sections of this report. Our 2023 Annual Report was prepared with reference to the GRI (Global Reporting Initiative) Standards and in accordance with the IFRS (International Financial Reporting Standards) Foundation’s Integrated Reporting Framework. Our 2023 Annual Report is available on the ‘Investors’ section of the Company’s website.

Internal audit

Cochlear’s Internal Audit function is managed by and within the Group Risk and Assurance team and is accountable to the Board. Internal Audit provides assurance services to management and the Board in relation to the internal controls, risk management framework and governance of Cochlear. It does so through:

- performing audits in accordance with an Internal Audit Plan. The Plan is formulated using a risk-based approach and approved annually by the Audit and Risk Committee;
- having direct access to the Board through the Audit and Risk Committee, with the right to communicate to it in the absence of management; and

Unless otherwise specified, all references in this document to “the Company’s website” are specifically to the ‘Investors’ section of the Company’s website.



Appendix

Diversity & Inclusion Progress Report for FY23

The three measurable objectives set by the People and Culture Committee for FY23 are supported through initiatives which are approved and monitored by the Committee. A summary of the FY23 initiatives, along with the progress achieved, is set out below:

Measurable Objective

Progress achieved

1. Achieve 40 | 40 | 20 gender balance in Senior Leadership roles and minimum of 30% female representation on the Board

Gender Targets:

We understand the importance of making equitable decisions for building and retaining a pipeline of diverse talent at Cochlear. This is why we introduced gender targets in FY20 and continue to have targets for our Board and Senior Leadership roles. Senior Leadership includes Bands 1, 2 and 3, with Band 1 being the Executive Team.

- We first achieved our Board target of 30% female representation in FY21 and today this representation has increased to 40%, exceeding our target.
- We achieved our Senior Leadership target of 40% female representation a year earlier than planned (we achieved 41% in FY22). Our overall female representation in Senior Leadership roles continues to improve and is currently at 43%.
- Female representation at Band 2 (typically two reporting levels below the CEO & President) is currently 40%. To ensure sustained progress we have set a 40% target for female representation at Band 2 by FY24. This will be a critical enabler for maintaining a 40 | 40 | 20 gender balance in our Senior Leadership overall.

Talent Review and Succession:

Our managers continue to prioritise Talent Reviews and Succession planning, with checks for bias embedded in the process to help facilitate fair outcomes. In FY23 this resulted in:

- 48% female representation in Band 2 top talent (up from 47% in FY22) and 42% in Band 3 top talent (down from 46% in FY22).
- 46% female representation of named successors to Band 2 roles (up from 43% in FY22) and 53% in Band 3 (up from 49% in FY22).
- 41% women identified as top talent in FY23 participated in leadership 360 assessments to support their development.

Talent Acquisition:

We use multiple leading practices in talent acquisition decisions to ensure we build a pipeline of diverse talent, e.g. promoting vacancies internally and requiring female representation in all shortlists and on interview panels. We also continue to deploy our “Hiring to Win” program to equip our hiring managers to counteract unconscious bias and make fair and equitable decisions. Our sustained attention on Talent Acquisition practices and have resulted in:

- 47% Senior Leadership placements were female this year, which is marginally lower than FY22, and a sustained improvement from FY21 (40%)
- 47% of all applicants (both internal and external) were female, up from 39% in FY22. 49% of all placements were female, a reduction from 54% in FY22.
- 50% female representation in our 2022/2023 Summer Student Intern Program and 64% of our 2023 Graduate Program intake.



Measurable Objective

Progress achieved

2. All employees embrace diversity and foster an inclusive culture

We are proud of our diverse and capable global workforce, and we recognise the competitive talent market in which we operate. That is why we remain committed to building an inclusive and respectful culture where differences are valued, people feel safe to speak up and everyone can make their best contribution.

Key highlights for FY23 include:

- Broadening the deployment of our Culture Conversations series through all levels of the organisation. This follows on from FY22, when our top-100 leaders and 75% of all leaders globally completed this series.
- Globally launching an Embrace Equity online learning pathway to build greater awareness of equity and why it is important to Cochlear.
- Visible steps have been taken to progress our Reconciliation Action Plan (RAP) including distributing guidelines for people to deliver an Acknowledgement of Country in suitable forums, holding events to promote our RAP during National Reconciliation Week, celebrating NAIDOC week through an online event and running a donation drive, and piloting cultural awareness training due to be deployed in FY24.
- World Pride Day Panel of leaders sharing personal stories and experiences as an LGBTIQ+ employee at Cochlear.
- Publishing globally internal interviews with senior women in Cochlear to spotlight different career experiences as part of International Women's Day.
- Programs focused on building an inclusive workplace such as Respectful Workplace training, Mental Health for Managers and Smarter Meetings.
- Our cross functional Culture Crew together with their senior leaders lead Culture Champions cohorts. This community of culture advocates play a crucial role in driving us towards our desired culture. Part of this work encompasses progressing diversity and inclusion at Cochlear. Our Culture Crew and 100 Culture Champions were pivotal in deploying an organisation wide experiment – entitled Challenger in the room - to invite diverse perspectives and raising of difficult issues. This experiment required people leaders to apply the skills learnt through the Culture Conversations series and was launched by our CEO & President.
- Throughout the year we leveraged All Employee Briefings to regularly communicate topics of diversity and inclusion, including acknowledgement of significant cultural dates.

3. Create equal access to work to generate a wider pool of talent by making it easier for people to successfully work at Cochlear

Growing our STEM pipeline of diverse talent and helping everyone to thrive at Cochlear are important elements of our talent strategy. There are multiple ways we are progressing this objective, key highlights for FY23 are below.

- Our Career Development Policy, Remuneration Governance Policy and Performance Policy are designed to ensure opportunities and rewards are provided in a fair and equitable manner, with increased transparency about how decisions are made.
- Joined as a partner with CareerTrackers hosting First Nations interns within our Research & Development team as well as other teams.
- We continue to build our pipeline of future talent through our highly regarded and highly selective graduate and internship programs, with females comprising 50% of our 2022/2023 Summer Student Intern Program and 64% of our 2023 Graduate Program intake.
- Supported a Macquarie University project which enabled 18 Aboriginal health workers to undertake a Diploma in Audiometry.
- Hosted secondary and tertiary students through career fairs and other events supported by Cochlear in Australia. Also partnered with, and participated in, numerous educational programs during the year:
 - Australian & New Zealand STEM Women Graduate Careers Fair, which aims to promote STEM careers among tertiary female students;
 - Cochlear Autumn School of Engineering, which aims to promote STEM to secondary school students; and
 - Careers at Cochlear Workshops, which hosts tertiary students from the University of New South Wales and University of Sydney.
- Flexibility is pivotal to attracting and retaining diverse talent whilst also providing equitable access to work and opportunities. Hybrid working has become an increasingly common way of working for most people. That is why we were pleased to hear that 87% of our people believe their manager allows them flexibility to manage their work and personal responsibilities.
- Ensuring pay equity remains an area of focus at Cochlear. We continue to monitor and review remuneration decision outcomes and metrics. We also continue to educate people managers on making fair and equitable pay decisions.

Hear now. And always

Cochlear is dedicated to helping people with moderate to profound hearing loss experience a world full of hearing. As the global leader in implantable hearing solutions, we have provided more than 700,000 devices and helped people of all ages to hear and connect with life's opportunities.

We aim to give people the best lifelong hearing experience and access to next generation technologies. We collaborate with leading clinical, research and support networks to advance hearing science and improve care.

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

 Cochlear Ltd (ABN 96 002 618 073) 1 University Avenue, Macquarie University, NSW 2109, Australia T: +61 2 9428 6555 F: +61 2 9428 6353

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 follow the directions for use. Not all products are available in all countries. Please contact your local Cochlear representative for product information.

ACE, Advance Off-Stylet, AOS, Ardium, AutoNRT, Autosensitivity, Baha, Baha SoftWear, BCDrive, Beam, Bring Back the Beat, Button, Carina, Cochlear, 科利耳, コクレア, 코클리어, Cochlear SoftWear, Contour, 콘트오아, Contour Advance, Custom Sound, DermaLock, Freedom, Hear now. And always, Hugfit, Human Design, Hybrid, Invisible Hearing, Kanso, LowPro, MET, MP3000, myCochlear, mySmartSound, NRT, Nucleus, Osia, Outcome Focused Fitting, Off-Stylet, Piezo Power, Profile, Slimline, SmartSound, Softip, SoundArc, True Wireless, the elliptical logo, Vistafix, Whisper, WindShield and Xidium are either trademarks or registered trademarks of the Cochlear group of companies.

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