

ASX / MEDIA RELEASE

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Cochlear announces temporary reduction to pay for Board, CEO and senior executives

Cochlear Limited today announced a short-term reduction in pay for its Board, CEO & President and senior executives. For an initial period of three months:

- Non-executive Directors will take a 30% reduction in Board and Board Committee fees;
- CEO & President Dig Howitt will take a 30% reduction in base salary; and
- Senior executives will take a 20% reduction in base salary.

In addition, CEO & President Dig Howitt will not receive any short-term incentive for FY20.

Cochlear's Chairman, Rick Holliday-Smith said, "Cochlear is making every effort to retain its highly skilled workforce and continue to invest in its R&D programmes throughout the COVID-19 pandemic. Given the significant impact of COVID-19 to sales revenue, we believe a temporary reduction in pay to the Board and senior management is an appropriate measure that helps share the burden with our employees and other stakeholders."

Cochlear has already taken action to manage costs, reducing all non-essential spending and capital expenditure for the balance of the financial year. The business has also implemented a hiring freeze. Mr Holliday-Smith said, "Since the outbreak of COVID-19, we have taken steps to ensure the health and safety of our employees, continued to support our clinics, professional partners and recipients while ensuring the financial stability of the Company."

"As the global leader in implantable hearing solutions, we continue to see the long-term opportunity to grow the hearing implant market. We expect that most of the delayed surgeries should progress once hospitals resume normal operations. Following the capital raising in March, we have strengthened our balance sheet and liquidity position, which significantly enhances our ability to emerge strongly from the uncertain impact, and the expected temporary decline in demand, caused by COVID-19."

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This announcement is authorised by the Board of Directors.