



Cochlear[®]

Hear now. And always



Cochlear Limited
**Sustainability
Report 2022**



Cover: Audrey, Cochlear[®] Nucleus[®] System recipient
Tina, Cochlear[®] Nucleus[®] System recipient

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Cochlear acknowledges the Aboriginal and Torres Strait Islander peoples and their custodianship of the various lands across Australia on which we work, live and learn. We pay our respects to ancestors and Elders past, present and emerging. Cochlear's global headquarters are located on the unceded lands of the Wallumattagal Peoples of the Darug Nation.

The Joy of Sound artwork by First Nations' design agency Balarinji was commissioned by Cochlear to tell the story of our foundation and beginnings. It represents Professor Graeme Clark's determination to find a new and more effective way to treat hearing. It reflects our Mission to help more people hear and be heard, to connect with others and live a full life.

About this report

This Sustainability Report demonstrates the sustainability performance of Cochlear Limited (Cochlear) and outlines initiatives that support our creation of long-term value aligned with the United Nations Sustainable Development Goals (SDGs). It was prepared with reference to the Global Reporting Initiative (GRI) Standards for the period from 1 July 2021 to 30 June 2022.

The information in this report is obtained from subject matter experts across the business and reviewed by senior management. The report is current as at 18 August 2022 and has been approved by the Board.

Cochlear publishes a suite of reports annually, including the Annual Report, Corporate Governance Statement, Tax Contribution Report, and Sustainability Report, which are available at the Investors section of the website www.cochlear.com.

Unless otherwise specified, measurements and data in this report pertain to Cochlear and its controlled entities during the reporting period from 1 July 2021 to 30 June 2022 (FY22). Consolidated financial statements for the corresponding reporting period are published in the Cochlear 2022 Annual Report. All dollar values refer to Australian dollars (AUD) unless otherwise specified.

Global sales

~\$1.6b

in sales revenue

~80%

Developed markets*

~20%

Emerging markets*

48%

Americas*

35%

EMEA*

17%

Asia Pacific*



Market leader

\$200m+

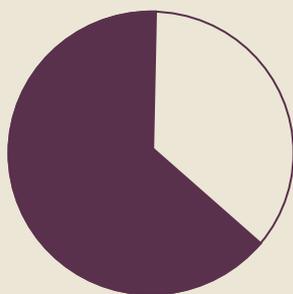
in annual R&D

>60%

global market share**

700,000+

implants sold***



Growing scale

~4,500

employees

100+

collaborative
research programs

30+

countries with
direct operations

6

key manufacturing
sites

* Based on sales revenue. ** Based on Cochlear estimates for cochlear implants. *** Includes cochlear and acoustic implants.



About Cochlear

For over 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. Today, it is a Top 50 listed Australian company with a market capitalisation of over \$13 billion.

We aim to improve awareness of and access to implantable hearing solutions for people indicated for our products. We have provided more than 700,000 implant devices to people who benefit from one – or two – of our implantable solutions. Whether these hearing solutions were implanted today or many years ago, we continue to bring innovative new products to market as well as sound processor upgrades for prior generations of recipients.

We invest around 12% of sales revenue each year in R&D, with over \$2 billion invested since listing, and participate in over 100 collaborative research programs worldwide. Our global headquarters are on the campus of Macquarie University in Sydney, with regional offices in Asia Pacific, Europe and the Americas. We have a deep geographical reach, selling in over 180 countries, with a direct presence in over 30 countries and a global workforce of close to 4,500 employees.

Our story

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

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

Today, Cochlear is the leader in implantable hearing solutions, connecting hundreds of thousands of people globally to a life full of hearing. The pioneering spirit that started Cochlear all those years ago continues to drive us forward and our commitment is stronger than ever.

We are transforming the way people understand and treat hearing loss, and we are committed to reaching more people to provide support for a lifetime of hearing.



A message from our CEO & President

Every day, children and adults around the world are implanted with our implantable hearing devices. We have a responsibility to each one of these people and their families to support a lifetime of hearing outcomes. We also know that as we help more people hear, we generate significant health, economic and social benefits for society.

We helped over
40,000 people
hear, providing
an estimated net
societal benefit of
more than \$6 billion.

In FY22, we helped over 40,000 more people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net societal benefit of more than \$6 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.¹

These positive impacts – at both an individual and societal level - depends on Cochlear creating long term value for stakeholders including maintaining consistent financial growth.

This year, we made significant progress in integrating sustainability into our corporate strategy, supporting our value creation model. Our sustainability approach underpins our commitment to creating sustainable long-term value for stakeholders by contributing to a healthier and more productive society, empowering customers, providing a lifetime of hearing solutions, having thriving people in our organisation, creating value for shareholders and advancing environmental sustainability.



Focused on our goal to deliver value by helping more people to hear, we have continued to invest in awareness and access. In 2022, the 'Living Guidelines' initiative was established, an international taskforce aimed to deliver clinical guidelines and enable early identification and referral for cochlear implant candidates. In September 2021, Cochlear Foundation and Malala Fund² announced a partnership with the aim of removing the barriers that keep millions of children and young people with hearing loss from accessing a quality education and encouraging governments and societies to prioritise hearing health in children.

By delivering on our mission we make strong contributions to the objectives of the United Nations Sustainable Development Goals (SDGs), a global call to action on the most urgent sustainable development challenges. We also joined the United Nations Global Compact, committing to the Ten Principles relating to human rights, labour, environment and anti-corruption across our business.

Our gender balance has advanced and by year end we achieved 41% female representation amongst our senior leaders, exceeding our 40% target 18 months ahead of expectations. And at Board level, the target of at least 30% female representation on the Board was achieved in FY21, with 33% female directors by year end.

We formalised our commitment to recognition and reconciliation through a Reconciliation Action Plan (RAP). We advanced our reconciliation strategy, recognising the impact of dispossession on generations of First Nations peoples, celebrating their important role in Australia's past, present and future and our commitment to engaging and working more closely with First Nations communities.

We developed our carbon reduction strategy, aligned with the Science Based Target Initiative (SBTi) and consistent with efforts to limit warming to 1.5 degrees above pre-industrial levels. We are targeting net-zero emissions in our operations (Scope 1 and 2) by 2030 and across our value chain (Scope 1, 2 and 3) by 2050.

This report outlines how our sustainability approach supports our business strategy, contributing to global health, social, and environmental goals, and continue to help more people hear, now and into the future.

A handwritten signature in black ink, appearing to read 'Dig Howitt', written in a cursive, stylized script.

Dig Howitt
CEO & President

Sustainability highlights FY22

- ✓ Performed a comprehensive materiality assessment.
- ✓ Reviewed our sustainability approach in line with our long-term value creation perspective.
- ✓ Joined the United Nations Global Compact (UNGC).



A healthier & more productive society

- Helped over 40,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net societal benefit of more than \$6 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.³
- Cochlear Foundation established a global partnership with Malala Fund⁴ with the aim to remove hearing loss as a barrier to education in emerging markets.
- Supported the ‘Living Guidelines’ initiative to deliver clinical guidelines to enable early identification and referral for cochlear implant candidates.

Empowered customers

- Cochlear[®] Remote Assist achieved FDA approval, enabling live video appointments for both Cochlear implant and Baha[®] Implant recipients.
- Cochlear Family membership exceeded 260,000.
- Implemented new digital learning platform for European-based surgeons.

A lifetime of hearing solutions

- Invested over \$200 million in R&D with more than 100 research collaborations in over 20 countries.
- Attained combined cumulative survival percentage of 99.91% within three years for the Profile Plus Series Implant – the most reliable on the market.

Thriving people

- Achieved 41% of women in senior leadership, up from 38% and exceeding our target of 40%.
- Achieved 33% of women on the Board of directors, with the transition in August 2021 to our first female Chair.
- Maintained employee engagement score of 80%
- Expanded short term incentive program to more employees and introduced a new global employee share plan.

Creating value responsibly

- Delivered training to all employees on the Global Code of Conduct.
- Formalised our commitment to reconciliation with Aboriginal and Torres Strait Islander peoples through our first Reconciliation Action Plan (RAP).
- Reviewed and formalised the Environmental, Social and Governance Risk Assessment Procedure for suppliers.

Advancing environmental sustainability

- Set target of net-zero GHG (greenhouse gas) emissions in our operations by 2030.
- Set target of net-zero GHG emissions across our value chain by 2050.
- Transitioned manufacturing to 100% renewable energy at five of our six sites.

Materiality

In 2021, we conducted a comprehensive materiality assessment with the assistance of a third party. The process was informed by a market scan of key sustainability trends, benchmarking against industry peers, and stakeholder engagement to identify the most significant sustainability topics for our business and our stakeholders.

It was aligned to the Global Reporting Initiative (GRI) and considered how we create value for our stakeholders as well as our economic, social and environmental impacts.



Our material topics are listed below. It reflects our business strategic priorities and drives our approach to sustainability.

Our material topics

Material topics	Where we address the topic	Page
Product quality, safety and reliability	 A lifetime of hearing solutions	30
Access and affordability	 A healthier and more productive society	12
Health outcomes and socioeconomic enablement	 A healthier and more productive society	12
Data privacy and cyber security	 Creating value responsibly	44
Awareness and education	 A healthier and more productive society	12
	 Empowered customers	24
Customer-centric approach	 Empowered customers	24
Research and innovation	 A lifetime of hearing solutions	30
Energy, emissions and climate resilience	 Advancing environmental sustainability	50
Employee value proposition	 Thriving people	36
Ethical and sustainable supply chain	 Creating value responsibly	44
Diversity, equity and inclusion	 Thriving people	36

Our mission

The passion that drives the organisation and focuses the strategy

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

Our strategy

Where we focus our time and resources to create value

The factors driving industry growth

Our growth opportunity is compelling and has remained unchanged for many years.

Growth opportunity

- Hearing loss is prevalent and under-treated
- Cochlear implants are a cost-effective solution for all age groups
- Product indications are broadening and funding is expanding
- Cochlear implants can deliver superior outcomes to hearing aids for indicated patients
- Good hearing is essential for healthy ageing

How we focus our resources

Our strategic priorities are focused on improving awareness of and access to implantable hearing solutions for people indicated for our products.

Strategic priorities



Retain market leadership



Grow the hearing implant market



Deliver consistent revenue and earnings growth

How we create value

Our goal is to deliver value by helping more people to hear, which contributes to building a healthier and more productive society.

We have a responsibility to be here to support a lifetime of hearing for the children, and adults, being implanted with our devices, which means we need to deliver sustainable financial growth, benefiting all our stakeholders.

We achieve this through market-leading innovation capabilities in conjunction with a global network of experts and collaborators; the strong and trusted relationships we build with our candidates, recipients, professional customers and payers; and our employees who are central to how we deliver our strategy and create value.

The pillars that set the foundation for success

To be successful over the long term, our organisation needs to be strong, agile and sustainable to enable us to execute our strategy, support our customers and deliver on our growth ambitions.

A stronger organisation



Shaping our culture



Creating value sustainably



Being agile and efficient

Value creation

How the outcomes of our activities impact all key stakeholders - our customers, our people, our shareholders and society more broadly

The key inputs to creating value

Customers & communities

Our capacity to create value depends on the strong and trusted relationships we build with our candidates, recipients, professional customers and payers.



Innovation

We are pioneers and global leaders in the development, manufacture and commercialisation of implantable hearing solutions, collaborating with a global network of research partners.



People

Our people's knowledge and expertise are central to how we deliver our strategy.



Financial & environmental

Prudent management of financial capital and responsible production and consumption underpin the delivery of sustainable growth over time.



The value we create, driving success now and into the future

A healthier & more productive society

Delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.

Empowered customers

Improving the wellbeing of recipients and providing convenience and confidence to our professional customers.

A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that improve hearing outcomes and provide a lifetime of hearing solutions for recipients.

Thriving people

An engaged, capable, high-performing and diverse workforce that delivers on our strategy and supports the creation of sustained value.

Sustained value

Maximising spending to grow the market while maintaining our competitive position.

Agile, efficient and environmentally responsible business processes to support our growth ambitions.

Our sustainability approach

Sustainability is embedded in our business strategy, which is focused on providing a lifetime of hearing outcomes for our recipients and creating long-term value for our stakeholders.

This year, we reviewed our sustainability approach and defined the six elements that will help us guide our initiatives, improve performance and manage risks. Our approach is informed by our materiality assessment, strategic business priorities, value creation model, the Global Reporting Initiative (GRI) framework, the United Nations Sustainable Development Goals (SDGs) and the United Nations Global Compact (UNGC) Principles.

In 2022 we joined the [UNGC](#) supporting the Ten Principles in the areas of human rights, labour, environment and anti-corruption.

 <h2>A healthier and more productive society</h2> <p>We are committed to delivering societal benefit through improved health outcomes, educational cost savings and productivity gains.</p> <ul style="list-style-type: none"> • Access and affordability • Health outcomes and socioeconomic enablement • Awareness and education <p>Alignment with SDGs</p> 	 <h2>Empowered customers</h2> <p>We improve the wellbeing of recipients and provide convenience and confidence to our professional customers.</p> <ul style="list-style-type: none"> • Awareness and education • Customer-centric approach <p>Alignment with SDGs</p> 	 <h2>A lifetime of hearing solutions</h2> <p>We innovate to build a market-leading portfolio of products and services that provides a lifetime of hearing solutions for recipients.</p> <ul style="list-style-type: none"> • Product quality, safety and reliability • Research and innovation <p>Alignment with SDGs</p> 
 <h2>Thriving people</h2> <p>We are committed to providing a safe and inclusive working environment, promoting the health and wellbeing of our employees.</p> <ul style="list-style-type: none"> • Employee value proposition • Diversity, equity and inclusion <p>Alignment with SDGs</p> 	 <h2>Creating value responsibly</h2> <p>We are committed to carrying out our business fairly, honestly and legally, wherever we operate around the world.</p> <ul style="list-style-type: none"> • Corporate ESG governance • Data privacy and cyber security • Ethical and sustainable supply chain <p>Alignment with SDGs</p> 	 <h2>Advancing environmental sustainability</h2> <p>We are committed to minimising the impact of our operations on the environment.</p> <ul style="list-style-type: none"> • Energy, emissions and climate resilience <p>Alignment with SDGs</p> 

Sustainability governance

The Board considers the social, ethical and environmental impact of Cochlear's activities and operations, sets standards and monitors compliance with Cochlear's sustainability responsibilities and practices. The Board's Audit and Risk Committee assists the Board to discharge its responsibilities in ensuring Cochlear maintains effective risk management and internal control systems, including in relation to sustainability and climate-related risks.

The executive team is responsible for driving progress in sustainability as part of Cochlear strategy. The global sustainability team reports to Cochlear's Chief Financial Officer, a member of the executive team, and is responsible for defining Cochlear's sustainability framework, supporting all parts of the business to deliver on the framework, leading or coordinating key sustainability-related activities, and developing external reporting. Group Risk and Assurance is responsible for maintaining the enterprise risk framework which includes sustainability and climate-related risks. All employees and contractors are responsible for compliance with policy and procedure controls to manage risk.

Our contribution to the United Nations Sustainable Development Goals

The [United Nations Sustainable Development Goals \(SDGs\)](#) are a set of 17 universal goals adopted by all United Nations Member States in 2015. The goals are a global call to action on sustainable development that aim to end poverty, protect the planet and ensure all people enjoy healthy lives, peace and prosperity by 2030. They are applicable to all countries at all stages of development and are predicated on all sectors of society being involved in their achievement.

Cochlear supports the objectives of the SDGs and recognises their relevance to our business. The World Health Organization (WHO)'s first World Report on Hearing³ highlights the relevance of action on hearing care to achieving SDGs. We believe that our greatest contributions are related to the SDGs 3 (good health and wellbeing), 4 (quality education), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 10 (reduced inequalities) and 13 (climate action).





A healthier and more productive society

FY22 Highlights

- Helped over 40,000 people hear with one – or two – of our cochlear or acoustic implants, providing an estimated net societal benefit of more than \$6 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.⁴
- Cochlear Foundation established global partnership with Malala Fund⁵ with the aim to remove hearing loss as a barrier to education in emerging markets.
- Introduced the Cochlear Americas Vocational Scholarship for recipients.
- Supported the ‘Living Guidelines’ initiative to deliver clinical guidelines to enable early identification and referral for cochlear implant candidates.

Our targets

- Help over 40,000 people hear with one of our cochlear or acoustic implants.

Our actions

- Building clinical and economic evidence for cochlear and acoustic implants
- Collaborating with research institutions on hearing loss and healthy ageing
- Developing a treatment pathway for adults
- Improving access and funding for hearing implants
- Driving hearing health awareness and advocacy

Material topics

Awareness and education | Access and affordability
Health outcomes and socioeconomic enablement

Building clinical and economic evidence for cochlear and acoustic implants

Health, social and economic benefits of effective use of cochlear implants

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 through the healthcare system.

The economic benefits associated with cochlear implants extend well beyond healthcare budgets with significant net economic gains reported from a broader, societal perspective which includes health outcomes, educational costs, and productivity gains.⁶

The estimated total net societal benefit across 28 developed markets where recipients received at least one of our cochlear implants in FY22 is \$6 billion over the lifetime of the recipients from improved health outcomes, educational cost savings and productivity gains.⁷

By improving penetration rates in developed markets, particularly for adults and seniors which currently sits at around 3%, we can not only improve the quality of life of thousands of candidates each year but also further reduce the cost to society in the order of billions of dollars.

Supporting research demonstrating the benefits of implantable hearing solutions

There are a growing number of studies demonstrating the benefits of implantation. These studies play an important role in educating policy makers, payers and providers about the economic benefits to society and the quality-of-life benefits for recipients.

A short-term study⁸ conducted in 2022 in an international collaboration between Australia and China confirmed clinical safety, performance, and benefit of the new Osia[®] 2 technology for mild to moderately deaf adults and children with a sensorineural or mixed hearing loss.

In March, a study in Germany⁹ validated the use of the SmartNav surgical tool which supports surgeons by giving them added confidence of the electrode placement and position during surgery, helping ensure optimal surgical outcomes as foundations for best hearing outcomes for the individual.

Net societal benefit estimated at \$6 billion.

Health, social and economic benefits of treating hearing loss

Children



Education

- Children with cochlear implants have a greater likelihood of acquiring oral language, integrating into regular schools and being able to experience sounds along with better speech skills¹⁰

Employment

- More likely to be in paid employment as adults¹¹

Adults



Employment and productivity

- Reduces odds of unemployment or underemployment¹²
- Cochlear implantation associated with positive change in employment status¹³ and increase in income compared to pre-implantation
- Stay in work for longer¹⁴ – reduces premature retirement

Seniors



Health and community connection

- Untreated hearing loss is associated with lower quality of life and higher cost of care due to higher risk of cognitive decline, depression, social isolation, falls and loss of independence.¹⁵⁻¹⁸

Collaborating with research institutions on hearing loss and healthy ageing

Hearing loss is particularly prevalent in people over the age of 60, with one in four suffering moderate or higher hearing loss.¹⁹

There is a growing understanding of the importance of properly treating hearing loss in this age group. It affects communication and is associated with social isolation, anxiety, depression and cognitive decline.²⁰

Cochlear implantation for seniors is an important trend, with hearing loss ranked as the leading cause of global years lived with disability for people over the age of 70.²¹ We have been increasing our public advocacy engagement, our investment in health economics, our market access capability and the collaborations we have with the medical research community to build on the clinical evidence that demonstrates the effectiveness of our products for seniors.

There is growing evidence of the individual and societal economic value of treating age-related hearing loss, with cochlear implants considered to be a highly cost-effective medical intervention.²²

In March 2018, we pledged to gift US\$10 million over 10 years to the Johns Hopkins Bloomberg School of Public Health to establish the ‘Cochlear

Center for Hearing and Public Health’. The Center is the first of its kind at any academic institution focused on addressing hearing loss as a global public health priority.

One such study, the Aging and Cognitive Health Evaluation in Elders (ACHIEVE) study suggests that hearing loss has been independently associated with accelerated cognitive decline and incident dementia. ACHIEVE is taking place at four centres in the US and will be the first randomised controlled trial to test the efficacy of hearing treatment in reducing cognitive decline in older adults.

The Nottingham Biomedical Research Centre (BRC) and University of Nottingham in the United Kingdom are developing an international [study](#) to find the best treatment options for adults who are living with severe hearing loss, the COACH study (COmpARING Cochlear implants with Hearing aids). The study will assess whether a cochlear implant or hearing aids are better at improving speech understanding for adults with severe hearing loss. Half of the trial participants will be randomly assigned with new hearing aids, with the other half receiving a cochlear implant.



Developing a treatment pathway for adults

Establishing a global standard of care

Data suggests that currently, in developed markets, less than 5% of adults and seniors who may benefit from a cochlear implant receive one, often due to lack of clear guidelines amongst medical professionals. More than 95% remain either untreated or are receiving treatment that is potentially less effective.²³

The development of a standard treatment pathway for care by which all healthcare professionals diagnose, refer and treat adults eligible for cochlear implants has many aspects and requires a co-ordinated effort between industry, hearing health professionals and public policy makers. There have been some important developments over the past few years.

In 2020, a global consensus on a minimum standard of care for treating adult hearing loss with a cochlear implant was published in the leading Journal of the American Medical Association, JAMA Otolaryngology – Head and Neck Surgery. This International Consensus Paper is an important step forward, providing the foundation for the development of formal clinical practice guidelines.

In 2021, the [World Health Organization \(WHO\)](#) provided guidance for establishing evidence-based programs for hearing screening via the World Report on Hearing²⁴, aimed at improving the identification and treatment of hearing loss in target age-groups, including adults.

‘Living Guidelines’ Task Force

International Cochlear Implant Day 2022 marked the establishment of the ‘Living Guidelines’ initiative, an international taskforce of over 50 leading cochlear implant professionals, academics and cochlear implant users tasked with delivering clinical guidelines to enable early identification and referral for cochlear implant candidates. The initiative aims to create guidelines that can be adapted and adopted in country to optimise the care for adults eligible for cochlear implants.

Nordic countries guidelines for the severe to profound hearing impaired

In the five Nordic countries (Denmark, Norway, Sweden, Finland and Iceland) we facilitated collaboration between hard of hearing and implant user associations, as well as professional healthcare provider associations, to share evidence-based information used to engage and inform public decision-makers. This information included the consequences of hearing loss, the hearing loss disability weight compared to other diseases, and descriptions of the current local situation relevant to the respective decision-making body (for example prevalence data, number of patients implanted and upgrade frequency).

Cochlear collaborated with two of the largest hospitals in Sweden on a cost utility study by MUCHE (Macquarie University Centre for the Health Economy), which found unilateral cochlear implant for adults is cost effective in Sweden.

As a result of these initiatives, and in collaboration with the Swedish hard of hearing association, the establishment of care guidelines for people with severe to profound hearing loss was accelerated and approved by the Swedish National Board of Health Care (government level) and the Swedish Association of Local Authorities and Regions (21 payer regions) in June 2022.



Improving access and funding for hearing implants

Access and funding for hearing implants around the world

Over recent years, Cochlear has invested in developing its global, regional and local market access capability to help expand the availability of our implantable hearing solutions to those who need them wherever they live. Funding and reimbursement models, product indications and availability of clinical support are just some of the factors that will affect access to our products. These differ significantly between markets and between age groups.

Working with governments and payers to recognise the benefits of effectively treating hearing loss has led to the expansion of indications and/or funding in several markets over the past few years.

US – In January 2022, Cochlear obtained FDA approval for the treatment of unilateral hearing loss and single-sided deafness (SSD) with a Cochlear[™] Nucleus[®] implant in the US. This approval expands the addressable market with around 60,000 people in the US acquiring SSD every year.²⁵

US, Germany and UK - Achieved reimbursement for the Cochlear[™] Osia[®] 2 System expanding access to acoustics implants in those markets. We believe this next generation bone conduction hearing system has the opportunity to become the gold standard acoustics implant in our current markets.

Australia – In March 2022, following sustained advocacy from a coalition of cochlear implant recipients, surgeons, audiologists and service providers, the Australian Government introduced reimbursement for remote programming of auditory implants including cochlear implants and bone conduction implants under the [Medical Benefits Schedule \(MBS\)](#). It is estimated around 15,000 Australians have auditory implants on either one or two ears. This change will empower both implant recipients and clinicians by improving the availability of programming options that are not face to face and creating flexibility in how care can be accessed and provided.

Evelien's story

In 2021, Belgium expanded the reimbursement criteria for cochlear implants to include both children and adults with severe hearing loss whereas it was previously limited to those with profound hearing loss. Following this expansion, Evelien, a FedEx courier, who had struggled with progressive hearing loss since 2013 and had used different hearing aids with limited results, was eligible for a cochlear implant reimbursement. She was implanted at the University Hospital of Leuven in 2021. With rehabilitation and the support of her employers, Evelien now has the opportunity to continue living and working the way she wants.



Improving access in emerging countries

In FY22, we continued to identify emerging market opportunities to grow the hearing implant market and align our strategy and actions.

In addition to improving the rates of implantation for candidates, we are also focused on how we can help lower the age of implantation for children which has been shown to improve hearing outcomes and, in turn, educational and employment outcomes. Cochlear supports the development of localised training and education tools to raise awareness about hearing loss treatments among professionals and potential candidates. We aim to leverage our global collaboration and contribute to the implementation of policy measures (such as newborn hearing screening) as well as the expansion of clinical services and reimbursement in these markets.

Sub Saharan Africa

For more than 10 years, Cochlear has been working closely with local distributors and medical specialists to place its technology in hospitals in Kenya, Nigeria, Tanzania, Uganda, and Namibia. Except for Tanzania, none of those markets currently provides public funding for cochlear implants. Cochlear's focus is to secure public funding for its hospital partners, using the WHO's *World Report on Hearing* as a door-opener to conversations with government.

In Nigeria, we continue to work with the local cochlear implant community to bring hearing to children across the country. Our shared priorities have focused on providing the highest quality cochlear implant technology and services to patients while continuing to deliver training, education and support to cochlear implant programs, made of ENT surgeons, audiologists and oral rehabilitation therapists.



Driving hearing health awareness and advocacy

World Hearing Day 2022 marked 12 months since the WHO's first World Report on Hearing. This report, which affirms the effectiveness of cochlear implants, made a global call-to-action for policy makers and the general public to make ear and hearing care a public health priority across the life course. It outlines the importance of improving access to hearing aids, cochlear implants or hearing assistive technologies and related services to all those in need.

In 2022, The Lancet published the first-ever global investment case for integrating ear and hearing care interventions in countries' universal health coverage services.²⁶ Based on the WHO's proposed interventions, which include cochlear implants for people with severe or higher hearing loss, the study concluded that the investment required to execute these interventions would result in substantial health gains, with an overall return of nearly US\$15 for every US\$1 invested.



Hearing health awareness and patient advocacy

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.

Since the World Report on Hearing was launched by the WHO, significant momentum has continued to build and over the past year advocacy organisations have celebrated cochlear implant users' achievements while calling for greater awareness, funding and access to life-changing, implantable hearing technology to help thousands more people.

We also support regional and global organisations such as the European Association of Cochlear Implant Users (Euro-CIU), the International Federation of Hard of Hearing People and First Voice. Cochlear supports these organisations financially through memberships and sponsorships as well as providing access to the latest research and other tools to support their work.

World Hearing Forum

Cochlear is an active member of the WHO's World Hearing Forum, a global network promoting ear and hearing care worldwide. We are represented on the Forum's Steering Committee and are members of the working group focused on raising awareness of the importance of preventing and treating hearing loss.

International Federation of Hard of Hearing People – IFHOH

We are one of the sponsors of the IFHOH, an international organisation that represents the interests of more than 466 million hard of hearing people worldwide. IFHOH works to promote greater understanding of hearing loss issues and to improve access for hard of hearing people.

First anniversary of Cochlear Implant International Community of Action (CIICA)

On International Cochlear Implant Day (25 February 2022) we celebrated the first anniversary of the CIICA, launched in 2021 with Cochlear's support. CIICA is an independent, consumer-initiated and led global network of cochlear implant user and family advocacy organisations, currently counting 78 organisations and over 350 individuals from 48 countries. CIICA aims to increase the number of people globally who have access to cochlear implants and lifelong support. It does this by raising the awareness of the health, social and economic benefits of cochlear implants for those who could benefit from implantation, to healthcare practitioners and the wider society. CIICA also aims to influence governments and health funders to increase funding.

The organisation made great progress in its first year, including:

- Humanitarian support for Ukraine to ensure cochlear implant recipients have access to the resources they need, especially batteries.
- In December 2021 CIICA and the Euro-CIU launched a new [briefing](#) on how addressing hearing loss could help support healthy ageing by mitigating against the effects of cognitive decline and dementia. Reviewing recent research, the briefing concludes that early intervention in the form of using hearing aids could mitigate the progression of cognitive decline and possibly dementia in older people.
- Partnering with the 'Living Guidelines' Task Force.
- International Cochlear Implant Day 2022:
 - released a media kit highlighting the benefits of cochlear implants and a summary of the evidence to support the case for cochlear implant access.
 - released a series of awareness videos and held a globally accessible webinar called CIICA LIVE: The Impact of the Pandemic on cochlear implant users, Families and Services. The webinar discussed the issues and impacts facing hearing implant users every day during the pandemic. It examined how organisations can advocate to ensure that ear and hearing care, and cochlear implants in particular, are accessible, even during the pandemic.

First unified Nordic Adult Cochlear Implant Declaration calls for better access and funding

We have been working closely and collaboratively with independent advocacy organisations in the Nordic countries over several years, hosting meetings and sharing data to support effective advocacy.

This resulted in advocacy groups across the five Nordic countries forming the Nordic Adult CI Action Group, to take unified action on adult hearing implant access.

In a world-first for regional cochlear implant advocacy collaboration, the groups released a Nordic 'Declaration' on World Hearing Day 2022. The declaration calls upon local, regional, and national decision-makers to improve access and funding for bilateral implants, timely upgrades, and support services.

'I can hear, can you hear me' European video awareness campaign

The European Association of Cochlear Implant Users (Euro-CIU) aims to make sure that the voices of cochlear implant users are heard loud and clear. Cochlear implant user advocacy organisations from across Europe participated in European awareness activities that launched on International Cochlear Implant Day, featuring short videos made locally, starring cochlear implant users across all age groups. On World Hearing Day, Euro-CIU also represented cochlear implant users at a special event at the European Parliament, calling for greater awareness and better access to hearing implants across Europe.

Enhancing awareness and representation

Our global strategic marketing team engaged with Apple to advocate for better representation for cochlear implant recipients. As a result, in September 2021, Apple released the cochlear memoji feature as part of the iOS 15 update.



Scholarships

For 20 years we have been running a scholarship program for cochlear implant and bone conduction implant recipients across multiple countries. The [Graeme Clark and Anders Tjellstrom Scholarships](#) provide financial support throughout the university degree of successful applicants. In 2022, eight scholarships were awarded in the US, one in Australia and six in Europe.

In FY22, we introduced the Cochlear Americas Vocational Scholarship for technical, vocational, or trade school. Recognising that Cochlear recipients have many different paths to successful careers the program aims to support recipients who are or will be attending technical, vocational, or trade schools. We will award the first Vocational Scholarship in January 2023.



Graeme Clark Scholarship Winner

Monica Lam received the Graeme Clark Scholarship in December 2021 in Australia. Monica was diagnosed with profound hearing loss in kindergarten. She received a cochlear implant in her left ear in 2010 when she was eight years old. Winning the scholarship will help Monica pursue studies in Optometry at The University of New South Wales and continue her passion for volunteer work.

Professor Graeme Clark and Dr. Anders Tjellström are the pioneers of Cochlear. To celebrate their tremendous contribution to helping those with hearing loss, we offer scholarships for our recipients.



Cochlear Foundation

The Cochlear Foundation was established in 2005 with the long-term vision and commitment for it to help more people hear across the world. In that time, it has funded projects worldwide focused on improving education for health professionals, advancing research, and supporting community programs. In FY22, Cochlear provided sponsorship of \$235,500 to the Cochlear Foundation.

Global partnership with Malala Fund²⁷ with the aim to remove hearing loss as a barrier to education

In September 2021, Malala Fund and Cochlear Foundation partnered to raise awareness about the barriers keeping millions of children and young people with hearing loss from accessing a quality education.

According to the WHO, 34 million children around the world live with disabling hearing loss.²⁸ Without equal access to a quality education and early access to hearing healthcare and support these children may not realise their full potential.

In a personal foreword for the World Health Organization's first-ever *World Report on Hearing*, in March 2021 the world's youngest Nobel Peace Prize laureate and co-founder of Malala Fund, Malala Yousafzai, called for societies and governments to prioritise hearing health across the life-course.

Following this important step, Malala Fund and Cochlear Foundation, supported by Cochlear, sought to ensure hearing loss is not yet another reason girls, marginalised people and those who need hearing healthcare and support are left behind.

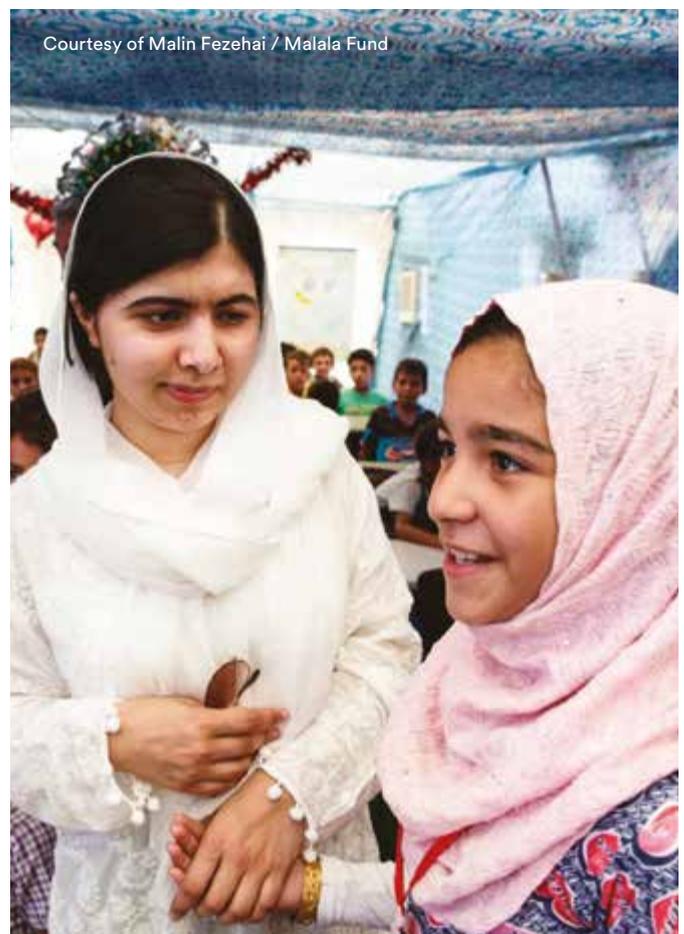
“My hope is that all girls can have equal opportunities and that we ensure a world where every girl can have access to free, safe and quality education,” said Malala Yousafzai. “Hearing loss doesn't need to be an obstacle to education.”

Malala Fund and Cochlear Foundation aspire to remove hearing loss as a barrier to life's opportunities so all children and young people can gain a quality education and realise their ability to thrive throughout their life. To achieve this, Cochlear Foundation and Cochlear will:

1. Parents: Appeal to parents to support children and young people with hearing loss to gain early access to hearing healthcare and support, and ensure they have the support needed to complete their education and realise their full potential.

2. Hearing health community: Join forces with hearing health non-government organisations and advocacy organisations to collectively raise awareness of the needs of millions of children and young people with hearing loss worldwide. We will promote their equal rights to an education and early access to hearing healthcare and support.

3. Governments and societies: Support a growing global call for governments and societies to prioritise hearing health, providing children and young people with access to the most appropriate hearing healthcare and support so they can speak, communicate, learn, develop and realise their full potential.





Achieve anything program

Cochlear Foundation established the 'Achieve anything program', a three-year program to highlight real world experiences of children and young people with hearing loss and demonstrate the importance of early access to hearing healthcare and support.

As part of this program, children and young people have been invited to share their stories of personal achievement. Stories have the power to change the world and we hope that this program will help motivate people to act and remove hearing loss as a barrier to education and life's opportunities.

Hearing health NGOs and advocacy organisations have partnered with the program from across the world: in France - Association des Familles AVTistes (ADEFNAV) and Audition Solidarite; in the US - Microtia & Atresia Ear Community, A.G. Bell (Alexander Graham Bell Association for the Deaf and Hard of Hearing) and Hearts for Hearing; in the UK - CICS (Cochlear Implanted Children's Support Group); International – Hearbuds.

Supporting the Global Foundation For Children With Hearing Loss (GFCHL)

The GFCHL provides babies and young children who are deaf or hard of hearing living in low and middle income countries with the access to early identification, hearing technology and locally-based professional expertise they need to learn to listen and speak.

With support of a grant from Cochlear Foundation, the GFCHL developed and executed a multi-year training program in auditory-verbal therapy and paediatric audiology to help more young children with hearing loss to develop listening and speaking skills.

This year, Cochlear Foundation made a grant to support the Hear, Listen and Speak Program for All Children in Bhutan. The program aims to establish the complete Continuum of Care from early identification of hearing loss to rehabilitation services for children in Bhutan.

“Hearing loss doesn't need to be an obstacle to education.”

Malala Yousafzai



Empowered customers

FY22 Highlights

- Cochlear® Remote Assist achieved FDA approval, enabling live video appointments for both cochlear implant and Baha® Implant recipients
- Cochlear Family Membership increased 19% reaching over 260,000 members.
- Achieved over 10,000 listens to the Hearing Health Today podcast.
- Implemented new digital learning platform for European-based surgeons.

Our targets

- Target 50% of our entire customer recipient base enrolled into Cochlear Family in FY23.

Our actions

- Providing convenience and confidence to customers
- Growing connectivity and engagement with recipients
- Developing technology solutions to support professionals

Material topic

Customer-centric approach | Awareness and education

Providing convenience and confidence to customers

We are continuously building our portfolio of products and services aimed at improving our recipients' quality of life and helping our professional customers support recipients with more confidence.

In FY22, we continued to invest in technology to support connected and remote care solutions. Connected Care is our portfolio of digital health solutions that provide new ways to deliver convenient, evidence-based care for patients at every stage of their journey. Surgical Care solutions enhance patient outcomes through intraoperative tools and insights and improve the surgical experience. Self-managed Care solutions empower patients to proactively manage their hearing in everyday moments and build listening skills. In-clinic Care solutions streamline patient management and care, giving clinicians the time and flexibility to optimise every appointment. And Remote Care allows clinicians to monitor patients and deliver quality care without a trip to the clinic.

Cochlear™ Remote Care

We are the first company to offer app-based Remote Care solutions to both acoustic and cochlear implant recipients. This means that recipients can conveniently access care from their clinician without a clinic visit – from home, at work, or when they're travelling. Remote Care is available through two solutions, Cochlear™ Remote Check and Cochlear™ Remote Assist, which achieved FDA approval in October. By removing the need to travel to and from the clinic, Remote Care also contributes to reducing the recipient's carbon footprint.

Remote Care in action:

More than 20% of patients at the Midlands Hearing Implant Programme Children's Service (MHIPCS) in the UK live further than 40 kms from the MHIPCS, resulting in significant travel time to attend a clinic appointment. In 2019 the MHIPCS piloted Cochlear Remote Check and it became embedded in their clinical pathways in 2021. In addition to improving equity in patient access to care, the reduced number of in-clinic appointments is helping the MHIPCS to meet National Health Service (NHS) targets for service delivery through telemedicine and reduce their carbon footprint in line with broader NHS net-zero emissions targets.

Cochlear offers two Remote Care solutions:

Cochlear Remote Assist

enables live video appointments for both cochlear implant and Baha™ Implant recipients. The clinician can assess how the recipient is progressing and discuss any issues they are experiencing. The clinician can also connect remotely to the recipient's sound processor to make adjustments or enable features in real-time.

Cochlear Remote Check

is a virtual assessment tool that enables cochlear implant recipients to complete a hearing health check through the Nucleus™ Smart App without visiting the clinic. Their clinician can then review the results at a convenient time to determine if they are performing as expected or need follow-up.



Growing connectivity and engagement with recipients

Cochlear Family

Cochlear Family is our recipient awareness and education membership program, providing information about the hearing journey and support in living with hearing implant technology for recipients and their families and carers. Cochlear Family is available in 59 countries, and with over 50% of all new customers becoming Family members, the program now stands at 260,000 members. It is the world's largest community of hearing implant recipients.

Cochlear Family aims to help upskill recipients and their carers to live a more confident life with hearing technology via proactive communications and hosted events.

Whilst COVID-19 has still limited the number of face-to-face events, Cochlear Family delivered more virtual sessions to ensure recipients continue to have an opportunity to learn and connect. In Latin America, we held Cochlear Family virtual World Hearing Day events across 20 countries.

In May and June 2022, with in-person events being possible again, we held Cochlear Family Celebration events in seven different cities across Europe (in Austria, Finland, Norway, Denmark and France).



Cochlear Volunteer Community

The Cochlear Volunteer Community is our network of highly engaged, committed recipients and carers who are motivated to help others learn about and successfully live with implantable hearing devices. There are currently over 1,400 official Cochlear Volunteers throughout 25 countries, who have been matched over 1,200 times with people considering whether Cochlear technology is right for them or their loved one.

Volunteers provide candidates and recipients with relevant information about the benefits of hearing implants and sound processors and opportunities to maximise the benefits of devices in daily life. Because of this, Cochlear spends considerable time working with volunteers to provide them with the knowledge and skills to be successful in supporting others along their hearing journey. Our volunteers have completed over 5,500 hours of training during 2022.

Supporting our Ukrainian recipients affected by the conflict

In line with Cochlear's mission, we have taken actions from the beginning of the conflict to support our Ukrainian hearing implant recipients, working hard to remove their worries about the availability of batteries and spare parts for their sound processors. A donation consisting of batteries, coils, cables, and other essential parts was delivered to Ukraine by the Ukrainian Association of Cochlear Implant Users (UACIU) on behalf of Cochlear. We have continued to work with the Ukrainian Association of Cochlear Implant Users and our local distributor to ensure our recipients continue to have access to any essential parts which are required to keep their sound processors working.

Developing technology solutions to support professionals

We continuously develop products and services to improve convenience and confidence of our professional customers.

Hearing Health Today - podcast

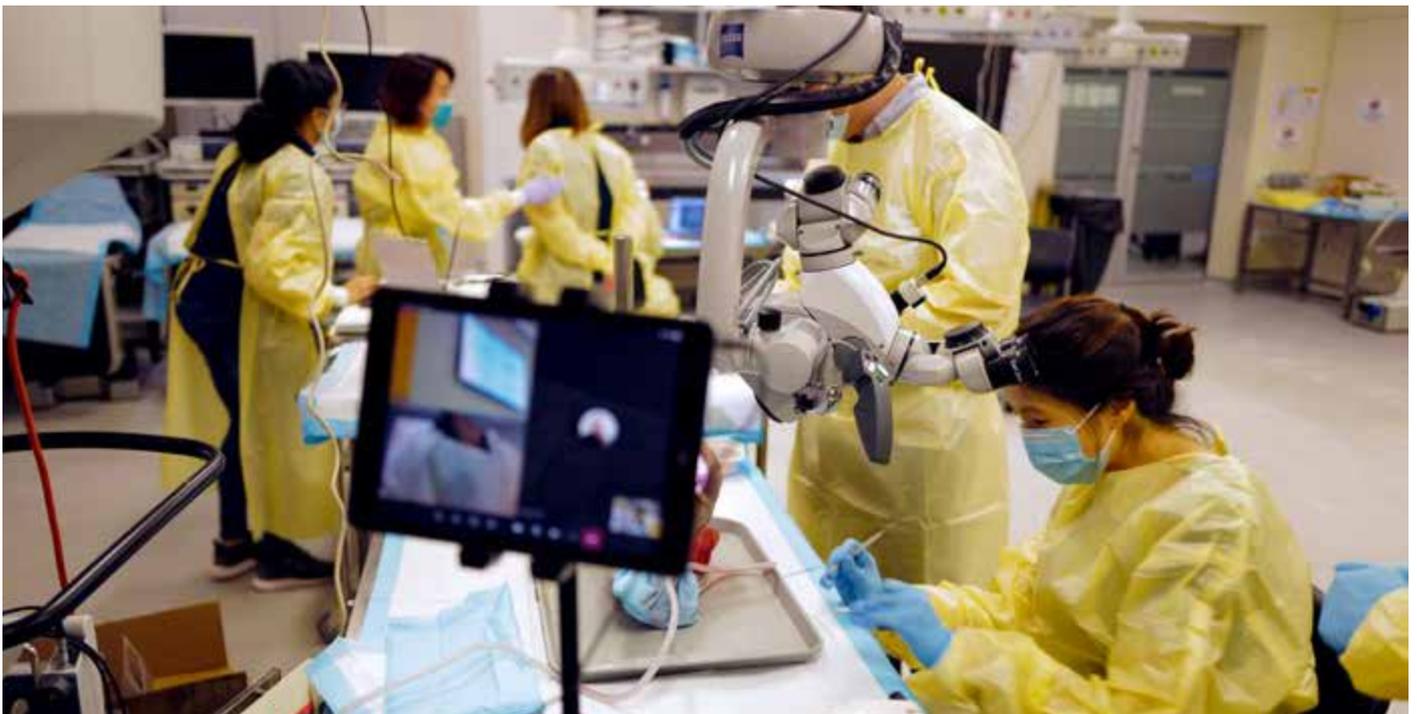
In FY22, we launched the second season of Hearing Health Today, a podcast developed to provide a new channel for educating and engaging hearing health professionals. The series explores key challenges, trends and opportunities in the delivery of hearing care today, and in the future. We have engaged with subject matter experts from across the globe to explore and discuss various topics of interest to hearing health professionals. Since the launch in July 2020, over 10,200 listens have been achieved.

Over 10,200 listens of Hearing Health Today since July 2020

Digital learning for surgeons in Europe

In FY22, our European-based professional education learning program implemented a new digital learning platform to enable self-paced learning and optimise resource investment for new to cochlear implant surgeon training. Weekly webinars kept learning fresh and gave opportunity to interact with expert faculty remotely, building excitement for the practical temporal bone lab. Participants also had the opportunity to review and discuss cases with coaching on the day. Sixty-five surgeons completed the program in FY22.

We also trained 22 cochlear implant audiologists in foundational cochlear implant programming training, launched a major referral education campaign in the UK to 300 referring audiologists and held a series of rehabilitation courses reaching 50 speech and language pathologists.



Cochlear Clinical Skills Institute (CCSI)

Based in Sydney, the CCSI provides surgical and clinical training to professionals in the hearing implant industry. Previously, this was exclusively in-person training. Throughout FY22, the CCSI has participated in training events offered in a hybrid format. With presenters live and in person in Sydney, presenting to remote groups in individual APAC (Asia-Pacific) countries. These workshops have trained 4,848 clinicians in Singapore, India, Japan, Korea and Malaysia.

Interactive Masterclass for Professional Audiologists in Cochlear implant Technology (IMPACT)

IMPACT is an immersive online certification program to help professionals become certified cochlear implant audiologists. The course is organised by Ali Yavar Jung National Institute of Speech and Hearing Disabilities (Divyangjan), Mumbai in collaboration with Cochlear and we had over 350 attendees in FY22.

Cochlear Connect Virtual Scientific Conference

The inaugural Cochlear Connect Virtual Scientific Conference was held in May 2022, connecting hearing experts virtually on cochlear implantation and related sciences. Twenty-three leading international and regional experts from Southeast Asia shared their clinical practice experience to help improve and inspire the hearing implants practice.

Chengdu Cochlear Clinical Skills Institute (CCCSI)

The CCCSI is located at Cochlear's new manufacturing facility and was created to hold internal and external training events. Despite the COVID-19 restrictions in China, in FY22 we had a seminar for eight surgeons to enhance knowledge about Baha Attract, the hearing solution that uses magnets to hold the sound processor over the implant.

Referrer Champion Program

In Australia and New Zealand, we launched the Referrer Champion Program in 2021 to connect local hearing aid clinicians, with cochlear implant clinicians helping them build confidence to discuss and refer clients for cochlear implant candidacy assessment through monthly case discussions. The program has promoted education on referral pathways and criteria, providing opportunities to identify the cochlear implant's impacts on patients. The program held a total of 31 sessions to date and will continue to happen monthly.





A lifetime of hearing solutions

FY22 Highlights

- Invested over \$200m in Research & Development, 12% of sales revenue, with more than 100 research collaborations in over 20 countries
- Professor Jim Patrick, Cochlear's Chief Scientist – Emeritus, recognised for his extraordinary contribution to science.
- Attained combined cumulative survival percentage of 99.91% within three years for the Profile Plus Series Implant – the most reliable on the market.

Our targets

- Target an annual R&D investment of approximately 12% of sales revenue.

Our actions

- Investing in hearing science, technology and talent
- Leading on product quality and reliability

Material topics

Research and innovation | Product quality, safety and reliability

Investing in hearing science, technology and talent

We have a global innovation network with over 500 R&D employees across the globe. Primary R&D is co-located with the Australian Hearing Hub (AHH) in Sydney, with the 'Cochlear Technology Centre' in Mechelen, Belgium focused on advanced innovation. We have over 100 research partners in over 20 countries and a global network of design consultants and suppliers.

Starting with Professor Graeme Clark's pioneering research that led to a new way of treating hearing loss, pushing the boundaries of hearing science and technology is part of Cochlear's DNA. Inspired by the customers we serve and support, we are committed to investing in R&D to create a portfolio of new products and services that deliver a lifetime of hearing outcomes.

In FY22, we initiated more than 60 new, original patent families worldwide. As at 30 June 2022, Cochlear's portfolio of active patent assets in the US, Europe, China and elsewhere totals more than 1,700 patents and patent applications.

Professor Clark's story also illustrates the power of collaboration. By working with other leaders in hearing health, we can harness our collective expertise, skills and imagination to achieve more for our customers and for the community.

Australian Hearing Hub and Strategic Partnership with Macquarie University

Cochlear is a founding member of the AHH – a unique precinct bringing together some of Australia's foremost hearing and healthcare organisations. An initiative of Macquarie University, the AHH unites researchers, educators, clinicians and innovators with expertise in linguistics, audiology, speech pathology, cognitive and language sciences, psychology, nanofabrication and engineering sciences.

Our strategic partnership with Macquarie University continues to mature with a focus on co-funded multi-year and multi-disciplinary research projects that will advance hearing science, practice and policy. Key projects include:

- Comparing the benefits of hearing aids and cochlear implants in real-world listening environments.
- Hearing Impairment Data Infrastructure (HEIDI) Study: Data Analytics for Better Hearing Health Care.
- Adult Recipients of Cochlear Implants: health and societal long-term outcomes (ARCHS).

A key aspect of the strategic partnership is the work of the Cochlear Chair in Hearing and Health, Professor Bamini Gopinath. The major area of focus for the Chair and her team is to provide the gold standard evidence to resolve the clinical and scientific uncertainty for treatment and management of adult-onset hearing loss. This focus is divided into four components – prevention and early detection; treatment and management; support; and data and research. Two significant projects commenced by the Chair in FY22 include:

- The Hearing Impairment in Adults: Longitudinal Outcomes Study (HALOS) aims to build an internationally unique database of 900+ adults aged 40 years and over with hearing loss who use cochlear implants and/or hearing aids. Data on a broad range of health, psychosocial, and functional outcomes and hearing-related measures will be collected and used to advance our understanding of the benefits of hearing interventions in adults.
- The Australian Eye and Ear Health Survey aims to recruit 5,000 adults from 30 sites across urban, regional and remote regions of Australia. A third of the participants recruited will be Aboriginal and Torres Strait Islander people. This is the first national survey to assess both the prevalence of vision and hearing loss in First Nations and non-First Nations adults.

In FY22, we invested over \$200 million in R&D, representing 12% of sales revenue.



Global academic and other collaborations

Since our inception, collaborating with academia has played a central role in Cochlear's R&D and innovation strategy. Many of our research collaborations are multiparty and multi-disciplinary and bring together universities, not-for-profit, non-governmental organisations, government and industry.

For example, Cochlear is collaborating with Hannover University Hospital and the University of Melbourne in a large and complex clinical study¹⁸ to understand the many factors that affect hearing performance of cochlear implants. If successful, this research will provide insights to enable better prediction of performance for candidates prior to surgery, and to further optimise hearing through refined fitting methods.

Through our membership of the AHH, Cochlear is involved in a collaboration with Macquarie University to apply expertise in hearing, speech and brain sciences, to accelerate the next generation of transformative listening algorithms, devices, and interventions. Combining knowledge, know-how, and a deep understanding of the needs of deaf and hard of hearing individuals, we will generate neuro-inspired solutions to outstanding problems in hearing technologies and interventions.

Innovation fund

Through our innovation fund, Cochlear has made targeted investments in start-ups from around the world that are developing breakthrough technology for hearing loss and other therapeutic areas. These investments leverage our technology and expertise in neuromodulation implants. They complement our core business of implantable hearing solutions, as well as seek to support the development of opportunities in adjacent markets to address unmet clinical need.

Cochlear has so far invested in the areas of epilepsy diagnosis and monitoring (Epiminder and Seer Medical), cortical stimulation for treatment of drug refractory focal epilepsy (Precisis), hypoglossal nerve stimulation for patients with obstructive sleep apnoea (Nyxoah), and drug development aimed at improving hearing outcomes for cochlear implant recipients (Sensorion).

In 2022, we have continued to monitor both the Australian and international markets to identify new opportunities to strategically invest with start-ups to accelerate the development of complementary technology.



REDI Fellowship Program

Cochlear is participating in the Australian Government's Researcher Exchange and Development with Industry (REDI) Fellowship Program which provides financial support for MedTech experts (including clinicians and researchers) to undertake industry placements and work on joint medical research projects with their industry partner.

The REDI program aims to deliver systemic improvement for Australia's medical technology workforce by providing industry experience and skills development for researchers, clinicians, and innovators. In return, the industry partners benefit from bringing the skills and expertise of the fellow in-house to work on a priority, commercially-relevant project focusing on human health outcomes.

In FY22, Cochlear successfully secured funding for three Fellows for up to 12 months:

- Associate Professor Payal Mukherjee, cochlear implant surgeon, Innovation Lead at the RPA Institute of Academic Surgery – to conduct a project evaluating the use of robotics in cochlear implant surgery
- Dr Cathy Sucher, Senior Implant Audiologist and Cochlear Implant Research Lead, Ear Science Institute Australia – to develop counselling materials for a digital decision-aid tool to help audiology clinics improve the cochlear implant referral pathway
- Dr Demi Gao, McKenzie Research Fellow, Department of Biomedical Engineering at University of Melbourne – to work on developing an AI approach for improving the performance of implantable microphones.

Supporting education in STEM (Science, Technology, Engineering, and Math) and hearing health

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 FY22, we hosted secondary and tertiary students through career fairs and other events supported by Cochlear in Australia. We continued to partner with, and participated in, numerous educational programs during the year to support and grow our pipeline of early-entry STEM talent. In addition, we hosted and/or participated in many events during the year, including:

- Australian & New Zealand STEM Women Graduate Careers Fair; which aims to promote STEM careers among tertiary female students.
- National Youth Science Forum Digital Session, which aims to promote STEM to secondary school students.
- Launch your Career Workshops, which hosts tertiary students from the University of New South Wales.

Cochlear is also supporting efforts to build ear and hearing health career pathways for Aboriginal and Torres Strait Islander students and professionals as part of our Reconciliation Action Plan. In 2021 we established the Aboriginal and Torres Strait Islander Hearing Health Cochlear Scholarship at Macquarie University. In April 2022 Cochlear was able to provide support to a project being led by Macquarie University which is enabling 18 Aboriginal health workers to undertake a Diploma in Audiometry. To enable the students to complete their practical assessments, Cochlear staff with audiological qualifications volunteered to supervise the students' assessments and Cochlear employees volunteered to have their hearing tested by the students.

On completing their course, these students will be able to conduct hearing assessments and provide other hearing health-related support and solutions that are appropriate within their respective communities.



Australian cochlear implant pioneer honoured as 2021 NSW Scientist of the Year

Professor Jim Patrick, Cochlear's Chief Scientist – Emeritus, and one of the original engineers to pioneer the development of the multi-channel cochlear implant, was named the 2021 NSW Scientist of the Year. The award recognises and celebrates the extraordinary contribution that NSW scientists and engineers make to our everyday lives.

Leading on product quality and reliability

Our Quality Management System (QMS) provides the framework, processes and procedures for ensuring:

- Safety and efficacy of our products.
- Compliance with regulatory requirements.
- That we design, manufacture and market products that consistently meet our customers and regulatory requirements.

The Chief Technology Officer has executive accountability for Quality and Regulatory Affairs and, along with the executive team, oversees the performance of the QMS to evaluate its suitability, effectiveness and ensure it continues to improve.

Our QMS plays an integral part in ensuring our product safety and reliability. During our design process our products go through extensive testing both internally and externally to ensure products are designed to meet all applicable standards and intended use. Our products are manufactured to ensure they meet our design specifications through predefined inspection and testing.

Cochlear continues to monitor the performance of our products throughout their lifetime through our extensive Post Market Surveillance process. Information gathered throughout the product life cycle is used to continuously improve our current and future products. Our QMS is also audited annually by regulatory agencies to ensure our compliance to the applicable regulations and standards for the countries where we market our products.

Cochlear implant reliability is important for successful patient outcomes. Each year, we publish our product reliability data in accordance with industry reporting standards.

As reported in the Cochlear Nucleus System Reliability Report (Volume 20 December 2021), our latest implant range Nucleus® Profile Plus Series implant, has a combined cumulative survival percentage (CSP) of 99.91% within three years. Our CI24RE Series, the world's most widely used cochlear implant with more than 208,560 registered devices, has a combined CSP of 98.99% after being on the market for 17 years.

Undertaking pre-clinical and clinical trials to study the efficacy of new technology

Cochlear undertakes pre-clinical and clinical trials, often in conjunction with leading universities and research partners, to study the safety and efficacy of new technology in accordance with relevant standards including ISO 14155 (Clinical investigation of medical devices for human subjects – Good clinical practice).

We currently have 28 active sponsored studies. We make outcomes from clinical studies available to payers, regulators, health technology assessment bodies and other stakeholders via summary reports on clinical trial public registry platforms and as published peer-reviewed manuscripts. In FY22, there were 19 peer-reviewed publications arising from Cochlear-sponsored studies.

Our Nucleus® Profile Plus Series implant, has a combined cumulative survival percentage (CSP) of 99.91% within three years.





Thriving people

FY22 Highlights

- Achieved 41% of women in senior leadership, up from 38% and exceeding our target of 40%.
- Achieved 33% of women on the Board of directors, with the transition in August 2021 to our first female Chair.
- Maintained employee engagement score of 80%.
- Expanded short term incentive program to more employees and introduced a new global employee share plan.

Our targets

- Maintain or exceed employee engagement score of 80%.
- Achieve 40% of female representation in senior management role (2 levels below the CEO & President) by FY24.
- Maintain fair remuneration for equivalent work including annual review to ensure gender pay equity.

Our actions

- Developing our people
- Attracting and retaining talent
- Shaping our culture
- Embracing diversity
- Supporting the wellness and safety of our teams

Material topics

Employee value proposition | Diversity, equity and inclusion

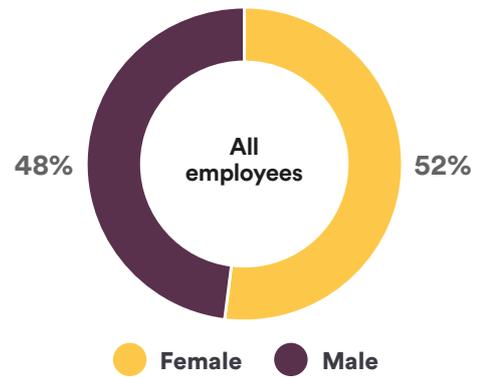
Developing our people

The last 12 months mark another year where we have heavily invested in our people. We are proud of our diverse and capable global workforce, and we recognise the competitive talent market we operate in and the various challenges our employees have faced due to COVID-19 and other global events.

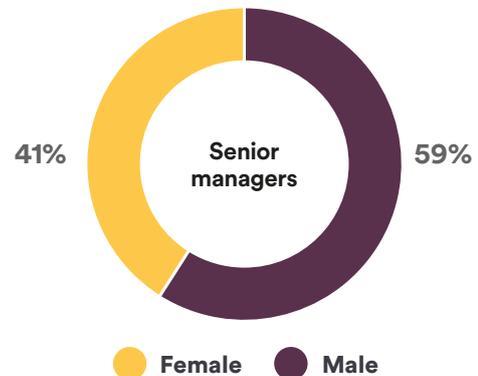
We work to ensure our employees feel supported by providing a workplace where they can thrive, achieve their personal and business goals, and contribute to growing our business.

Our workforce

Employees by category	Female		Male	
	%	Count	%	Count
Senior leadership	41%	157	59%	225
Management	48%	406	52%	444
Operational	55%	1,763	45%	1,451
Total		2,326		2,120



Employees by type	Female		Male	
	%	Count	%	Count
Permanent	52%	2,327	48%	2,120
Temporary	63%	94	37%	56
Full-time	51%	2,229	49%	2,137
Part-time	83%	192	17%	39
Total	53%	2,421	47%	2,176



We work to ensure our employees feel supported by providing a workplace where they can thrive.

Attracting and retaining talent

Engaging and developing our people is a key priority. During FY22 we have continued to strive to attract and retain passionate and highly skilled professionals. We provide interesting and challenging work, encouraging our people's development within a growing business and continuing to build an inclusive culture where everyone has a voice and feels heard.

In FY22, we are pleased to report overall engagement remained strong at 80%, above the global engagement benchmark of 68%. We are particularly pleased to see those areas regarding contribution to the satisfaction of our customers (94%), employees understanding of their contribution to Cochlear's strategy (93%) and pride in the organisation (91%) remain consistently as our strongest areas.

During the past 12 months, we have delivered activities to further engage and retain our talent focused on career progression and development and pay and recognition. This has included:

- aligned practices to our Diversity and Inclusion (D&I) principles with a strong commitment to providing opportunities in a manner which is fair and free from bias;
- improved communications providing greater transparency of opportunities and outcomes;
- tools, resources and education to empower managers and benefit all employees;
- initiatives to build a stronger reward to performance outcome.

As a result, we have seen a significant number of employees taking on a new career development opportunity with 32% of open roles filled by employees. We have also implemented our first global share purchase plan, which we are pleased to report had a 51% participation uptake from eligible employees.

Our improvements across these areas:

- A 15% increase in the item "At Cochlear, people are recognised for their contributions and achievements"
- A 7% increase in 'There are good opportunities for career development at Cochlear'

We delivered 24.3 hours per employee of formal learning globally in FY22.

Our retention levels remain strong with our global annualised voluntary turnover for FY22 being 11.1%.



89%

of our employees completed our global engagement survey



80%

overall engagement



91%

of employees feel proud to tell people where they work



94%

understand how they contribute to the satisfaction of our end customers

Shaping our culture

Cochlear has a strong culture of innovation and customer focus. To continue to fulfill our mission, we need to nurture those important elements of our culture that have brought us success, while shaping a stronger achievement culture that will enable us to grow and deliver for our customers as our workforce expands.

We have continued to develop our systems, processes and organisation design to reinforce our target culture. We are also investing in Inclusive Leadership and Unconscious Bias and Culture Conversations to help build critical skills and capabilities both at an individual and organisational level.

By the end of FY22, over 75% of all leaders globally have completed our Inclusive Leadership program. Our Culture Conversations Learning Series is a series of 4 programs designed to support and empower our leaders in achieving and maintaining our desired culture. Our top-100 senior leaders and 100 Culture Champions - a diverse group of employees from various regions, functions, backgrounds and experience - have all completed this program and are engaged in driving and role modelling our culture. This collaborative approach layers a top-down, bottom-up and peer-to-peer approach to reach and inspire all employees to work towards our culture objectives.

Our Culture Crew, a cross-functional group designed to support the development of our culture work plan, continue to provide insights to our culture activities and lead our Culture Champions cohorts. The Culture Crew and Culture Champions have also been leading 'Culture Experiments' which consist of small shifts to daily processes that help drive our target culture.

Our HEAR values and behaviours bring our mission to life and reflect what we value as an organisation. They are pivotal to our culture and define how we behave and interact to achieve this. Our HEAR behaviours aim to keep the customer at the centre of our work and ensure we HEAR our customers and make informed decisions that will help us support them now and always. Every quarter, we celebrate individuals from across our organisation who are doing an exceptional job by living our HEAR behaviours in their daily work. All employees are encouraged to nominate a colleague for bringing the HEAR behaviours to life. In FY22, we had received over 500 nominations.



84%

of our people state that their manager is inclusive of diverse views and perspectives



Embracing diversity

This year, we have continued our work to meet measurable objectives in line with our D&I principles. We have focused on building an inclusive workplace that is diverse and representative of our customers and the communities in which we operate.

Our Diversity & Inclusion principles:



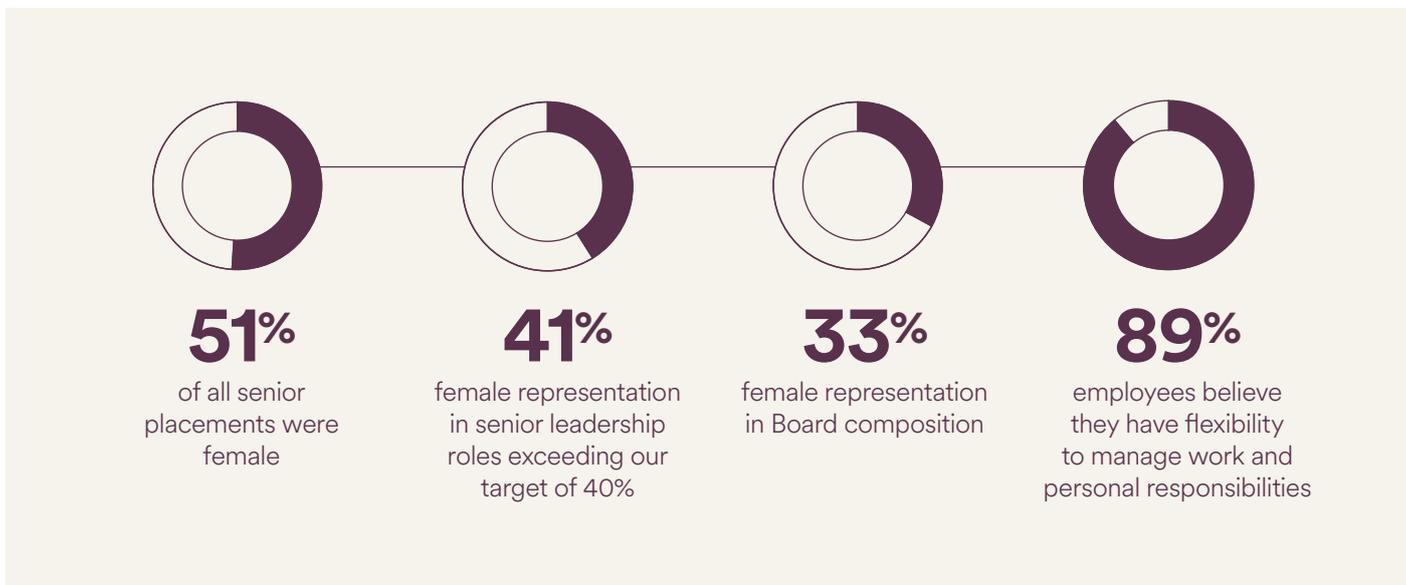
-  We aspire to win with a diverse workforce that is stronger together
-  We remove boundaries and provide equal access to work and opportunities
-  We hear our people, embrace and leverage differences and create a safe place where everyone can feel they belong

In FY22 we continued to upskill our people to support our D&I goals. A focus of which has been to remove the impact of unconscious bias from our decision making, to ensure talent decisions are made free from bias and based on behaviours and performance. In addition to our Inclusive Leadership program which focuses on unconscious bias, we provide a Diversity & Inclusion online learning pathway for all employees. It consists of three micro-learning modules covering the areas of unconscious bias, the diversity wheel and minimising bias in everyday work. Other learning programs also support our efforts in educating and empowering our people to build an inclusive workplace, such as our Respectful Workplace training, Mental Health for Managers, Smarter Meetings, and education support for hybrid working with a focus on inclusion.

We continued to invest in our Hiring Manager Learning Program “Hiring to win”, which is focused on the removal of unconscious bias from our selection processes and also made other process improvements, to attract and build a pipeline of diverse talent. We continue to ensure female representation in all shortlists as well as female representation on interview panels. We have seen some pleasing results from our work in this area with females comprising 51% of all senior placements made during the year.

We continuously monitor outcomes and metrics to ensure fairness and equity in our talent management activities and identify opportunities for further improvement. This has included monitoring outcomes across our recruitment, talent and succession, learning and remuneration and reward practices.

We have focused on building an inclusive workplace that is diverse and representative of our customers and the communities in which we operate.



Our gender diversity commitment is an integral element of our D&I strategy. We strive for a gender balance of 40:40:20, which means that 40-60% of either gender is represented (40% women, 40% men, 20% open). In FY21 we introduced gender targets for our Board and senior leaders. We are pleased to report, that we have recently achieved our FY23 gender balance target of 40% female representation in senior leadership roles ahead of time, with females comprising 41% of our senior leader roles (this includes leaders in Bands 1, 2 and 3; the three most senior levels of roles within the Company, with Band 1 being the executive team).

We also achieved our Board target of 30% female representation in FY21, with females comprising 33% of our Board at the end of FY22. In recognition of the need to achieve gender balance at our most senior levels, we have now set a 40% target for female representation at Band 2 level (2 levels below the CEO & President) by FY24. We currently have 37.6% of females at this level. We are also focused on improving the gender diversity of our succession pipelines to all senior leadership roles. We will continue to enhance and improve our talent management processes through our recruitment, succession and internal career development practices.

An important element of our talent strategy is to build our relationships with school and university programs so that we continue to grow a diverse pipeline of entry-level talent. This year, females comprised 62% of our 2021/2022 Summer Student Intern Program and 50% of our 2022 Graduate Program intake. We also currently sponsor students as part of the Cadetship to Career initiative jointly developed by The Smith Family and the Business Council of Australia. This initiative provides students from disadvantaged backgrounds with paid work experience to help them transition from study to employment and explore future career options.

Flexible work is a key enabler to gender equality and to fostering a more inclusive workplace. We continue to encourage flexible work across the globe with most eligible employees working in some form of flexible work arrangement. We recognise that flexible work not only provides access to work and opportunities to a diverse pool of talent but is also pivotal to our employee value proposition, acknowledging that flexible work is a key driver to attract and retain talent.

We were pleased to hear that 89% of our employees believe their manager allows them flexibility to manage their work and personal responsibilities.

Supporting the wellness and safety of our teams

Cochlear remains committed to providing the highest levels of safety and wellness to everyone engaged in and impacted by our operations. Whilst after two years of COVID-19 our response is now stabilising. Cochlear will continue to provide significant support to those employees who must work on our sites. Our attention on the control of risk of exposure to COVID-19 in the workplace has protected our workers and the continuity of our supply chain, with no documented cases of transmission in our manufacturing workforce.

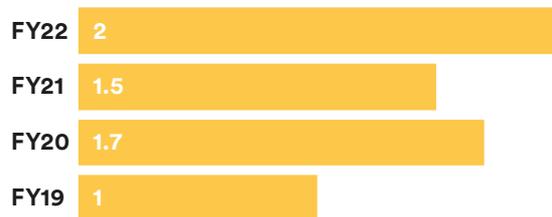
We have formalised our approach to hybrid arrangements, recognising newly defined workplaces and the challenges related to the separation of work and home. A significant assessment of risks, training and education packages were developed to assist in ensuring the safety and wellbeing of all workers. We continue to provide employees with 24/7 access to EAP support and resources. We provide a range of education tools to our managers to support the mental health and wellbeing of our employees.

During FY22, recordable injuries increased slightly. We will continue to enhance our safety strategy focusing on training, early intervention and injury prevention.

Recordable injury frequency rate



Lost time injury frequency rate

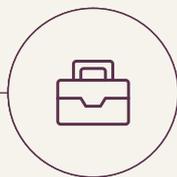


Injury severity rate



0

deaths in the workplace



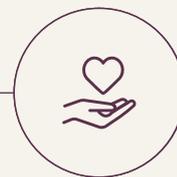
89%

are satisfied with Cochlear's efforts to keep them safe at work



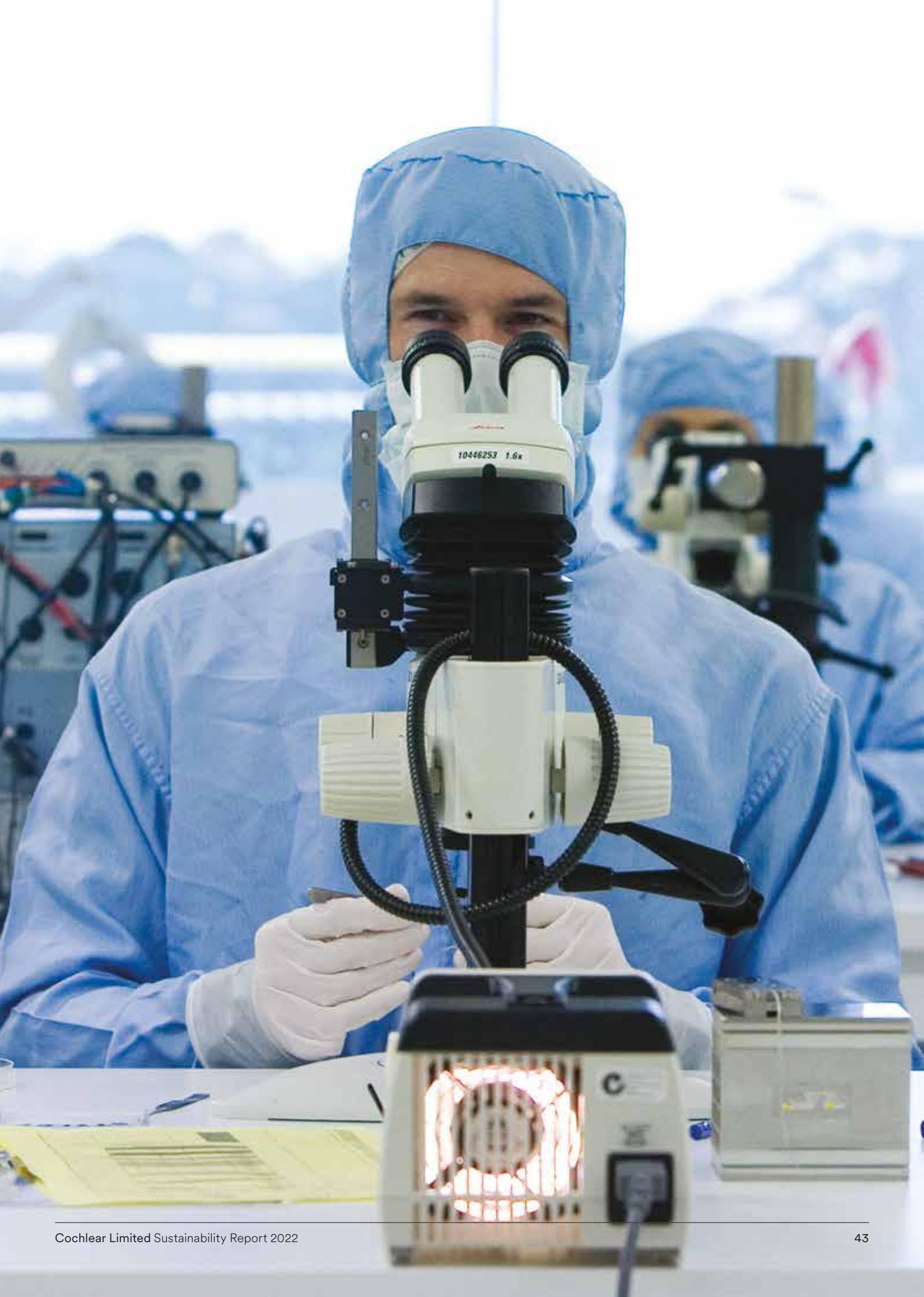
81%

are satisfied with their current health and wellbeing



89%

state their manager is committed to the teams' health and wellbeing





Creating value responsibly

2022 Highlights

- Delivered training to all employees on the Global Code of Conduct.
- Reviewed and formalised the Environmental, Social and Governance Risk Assessment Procedure for suppliers.
- Formalised our commitment to reconciliation with Aboriginal and Torres Strait Islander peoples through our first Reconciliation Action Plan (RAP).

Our targets

- Review the Global Code of Conduct and deliver training to all employees in FY23
- Review Supplier Code of Conduct in FY23.
- Implement Reflect Reconciliation Action Plan (RAP) and begin developing next RAP in FY23.

Our actions

- Maintaining high levels of corporate governance
- Investing in sustainable procurement
- Advancing reconciliation with First Nations' peoples in Australia

Material topics

Data privacy and cyber security | Ethical and sustainable supply chain

Maintaining high levels of corporate governance

We recognise that high standards of corporate governance and transparency are important for the creation, maintenance and enhancement of long-term sustainable value.

Key aspects of Cochlear's corporate governance framework and practices are set out in our 2022 Corporate Governance Statement, available on the ['Investors' section of our website](#).

Our 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 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.

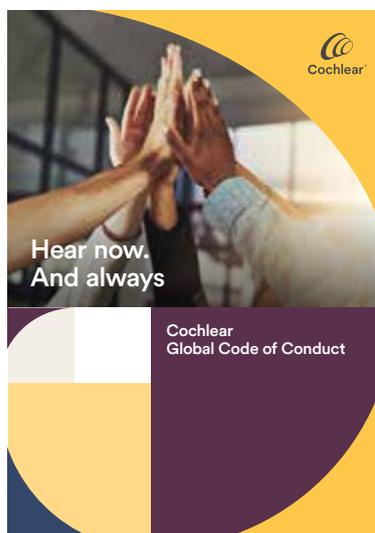
Global Code of Conduct

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. Our directors, senior executives and employees are expected to act ethically, lawfully and responsibly at all times.

The Global Code of Conduct incorporates our anti-bribery and corruption policy. Any material breach of the Code, including bribery and/or corruption, are reported to the Audit and Risk Committee and breaches of the Code may result in the individual or related entity being subject to disciplinary measures, including the termination of employment or business contract.

We conduct mandatory training on the Global Code of Conduct, including on bribery and corruption, for all staff globally on an annual basis.

Cochlear's Whistleblower Protection Policy aims to promote a culture of acting lawfully, ethically and responsibly by enabling eligible persons to report confidentially any suspected or actual misconduct in relation to Cochlear. Whistleblower reports made under the Policy are confidential and may be made anonymously to any senior executive or to the externally-operated Cochlear Whistleblower Service, available on the 'Investors' section of our website www.cochlear.com.



Public policy engagement

Cochlear believes it is important to participate in formulating public policy that can affect our business operations and patient access to appropriate care and public health, among other areas of material interest. With good public policy, Cochlear can better serve patients, healthcare professionals and other customers, as well as our representatives and communities.

We engage with governments directly and through participation in industry groups and other forums. We also collaborate with a range of other stakeholders including consumer/patient organisations, professional associations and industry peers, on public policy issues at global, national and local levels. Over the reporting period, Cochlear contributed a total of \$16,190 to political organisations in Australia solely as a payment for attendance at events and briefings. These payments complied with our Global Code of Conduct (2.9 and 2.10). In compliance with the Code, we did not make any cash donations to political parties or make direct campaign funding donations to either individuals or political parties.

Cochlear paid a total of \$817,879 in membership fees for 45 industry associations, think-tanks and related organisations in Australia, Canada, Colombia, Denmark, France, Germany, Italy, Mexico, Panama, Switzerland, Turkey, the UK and the US.



From left to right: Dr. Harald Seidler (ENT-GP and former president of DSB), Dr. Matthias Mueller (president of DSB), Janine Dersch (Cochlear) and Philip Green (Australian Ambassador to Germany, Switzerland and Liechtenstein).

Examples of public policy initiatives

Germany – Cochlear has been working closely with consumer advocacy groups and professional organisations in Germany to engage government stakeholders on the need for better standards of care for people with severe or worse hearing loss including opportunities for cochlear implant care. With the German Association of Hard of Hearing People (Deutscher Schwerhoerigenbund e.V., DSB) and German Association of Cochlear Implants (Deutsche Cochlea Implantat Gesellschaft e.V., DCIG) taking a leading role, this collaborative approach to advocacy has included supporting online training and workshops for audiologists, surgeons, general practitioners and other medical professionals; events and briefings with parliamentarians and government officials; and raising awareness through targeted media and communications. Most recently, in advance of 2022 World Hearing Day, DSB held an awareness event at the Bundestag (German federal parliament) on 16 February supported by Cochlear.

South Korea – In April 2021 Cochlear worked with the Australian Trade and Investment Commission (Austrade) and the NSW Government to host a delegation of South Korean journalists at our Macquarie University headquarters to help profile Australia's health and medical sector. The visit provided an opportunity to educate the delegation, and as a result, raise public awareness in South Korea, about the impact of hearing loss and the importance of treatment including cochlear implantation. We were also able to showcase Australia's world-class hearing health environment and highlight the role that government policy and stakeholders play in delivering innovation and hearing outcomes to patients.



From left to right: Hwan-Hee Eo (Journalist, Hankook Ilbo), Jae-Woo Shin (Senior editor, Yonhap News Agency), Dig Howitt (Cochlear), Erine Hyojoo Kim (Recipient), Jay Kim (Recipient's Father), Yujung Choi (Recipient's Mother), Se-Hee Park (Reporter, Munhwa Ilbo), Ju-Hyun Kwak (Journalist, Hankook Ilbo), and Kyung-Eun Kim (Senior editorialist, Chosun Ilbo).

Data privacy

As part of Cochlear's vision and ambition for data, we have made commitments to process and protect the personal information of all our stakeholders in a compliant and ethical way. Our Global Privacy Program reinforces this commitment and ensures that privacy is embedded into our business operations and that we adopt a privacy-by-design approach in designing our products and services and keep the personal information entrusted to us secure. Privacy and data protection matters are led by Cochlear's Global Privacy Office and the Chief Privacy Officer, and is supported by staff globally.

We strive to be transparent with individuals in relation to how we process their personal information, and to provide them with meaningful control over how their personal information is collected and used, including responding to their requests and complaints. The [Cochlear Global Privacy Notice](#) explains how we handle personal information across our global operations.

We conduct mandatory privacy training for all staff as part of the onboarding process and supplement this training with specific training for targeted audiences.

We aim to prevent and address privacy issues wherever they occur within Cochlear and our vendors. If we receive reports of data incidents, we investigate allegations and take action if there is evidence of wrongdoing.

Over the past year, Cochlear has not identified any substantial complaints concerning breaches of customer privacy or losses of customer data.

Data security

We design and implement our information technology systems and applications with security controls in line with industry standards. All employees must comply with our policies, standards and procedures to protect our information technology systems and data. While cyber insurance plays an important part in our overall risk mitigation strategy, we maintain a defence-in-depth approach to security with multiple layers of controls and countermeasures in place to protect our information technology systems and data.

We have strong resilience controls which are tested regularly, and we conduct incident response drills to ensure our teams remain vigilant and ready to respond. Independent third-party specialists conduct regular security assessments of our Information Technology systems.

We conduct regular information security awareness training for all staff, including mandatory annual awareness training, to ensure staff are aware of the importance of information security.

Cochlear's Vice President of IT Assurance is charged with overseeing the organisation's information and cyber security programs, and reports to the executive management team.

The Technology and Innovation Committee oversees the strategic direction of the Company's technology research and product development programs, management issues, priorities and resource allocation in terms of responding to the Company's agreed corporate strategy and to advise the Board on the principal issues arising that require consideration by the full Board. The Audit & Risk Committee is responsible for monitoring risk management and the adequacy and appropriateness of internal controls with regard to the management of risks associated with the technology and research and development aspects of Cochlear's business.

Tax strategy

Cochlear has a strong commitment to transparency and compliance from a regulatory and financial perspective and values the principles of being transparent with respect to its tax strategy and compliance in Australia and globally.

A key driver of our global tax strategy is our longstanding commitment to Australian-based R&D and manufacturing as well as growing the business with broad economic benefits for Australia. Our tax strategy reflects that most of Cochlear's intellectual property is generated in Australia and the assets, risks and functions of implementing that strategy meant that the majority of Cochlear's corporate income tax was paid in Australia in 2022.

Our 2022 Tax Contribution Report details Cochlear's taxes paid globally, Cochlear's tax strategy and our tax governance. The 2022 Tax Contribution Report sets out our tax contributions by region Americas/Canada (CAM), Europe, Middle East and Africa (EMEA) and Asia Pacific (Australasia and Asia).

Investing in sustainable procurement

Our Supplier Code of Conduct sets out Cochlear's expectations and standards in relation to labour rights, safety and wellbeing, environmental sustainability and ethical trading. We pursue to engage with suppliers that share our values and high standards of behaviour.

Cochlear's standard supply agreements require our suppliers to comply with all relevant legislation, including those relating to modern slavery and labour practices, and to carry out their own measures to ensure that their employees, affiliates, agents or subcontractors comply with our Supplier Code of Conduct. During FY22, we have continued to implement our supplier due diligence assessments to support sustainable and ethical procurement. No suppliers have required mitigation action plans.

In FY22, we reviewed our Environmental, Social and Governance Risk Assessment Procedure for suppliers to confirm we are managing the relevant risks. We reviewed the assessment of key direct suppliers performed in FY21 based on the location of their manufacturing sites, value of Cochlear's annual purchases and the sourcing categories.

Our supplier onboarding process consists of screening new critical direct suppliers (related to production) to our manufacturing sites for governance, human rights and environmental issues.

We use internationally recognised tools and resources such as the Global Slavery Index and KnowTheChain to identify our risk exposure to modern slavery. Please refer to our [Global Modern Slavery Statement](#) for more details.

Cochlear is committed to supporting a diverse and inclusive supply chain while maintaining the highest standard of product quality. In FY22, we developed the WISE framework which establishes categories for suppliers according to gender, indigenous groups, modern slavery and environmental commitment. The framework enables us to make informed decisions about how we engage with suppliers in a way that generates social value beyond the value of goods or services being procured.

The WISE framework:



Cochlear is also a signatory to the voluntary Business Council of Australia Supplier Code which commits us to paying eligible Australian small businesses within 30 days of receiving correct invoices and/or products. In September 2021, Cochlear began reporting on payment times for Australian small businesses under the new Payment Times Reporting Scheme. As at the last published reporting period 31 December 2021, Cochlear Limited procured 14% of its supplies from Australian small businesses with 82% of invoices (by value) paid within 30 days. We are committed to meeting our obligations under both the voluntary Code and the Scheme and continue to drive process improvements to ensure we pay small businesses promptly.

Supporting First Nations' business

Southern Cross Pacific (SCP) is a Sydney-based, Indigenous-owned business providing Cochlear with security and facilities maintenance services. SPC is a registered member of Supply Nation and has received ISO Accreditation for our Quality, Environmental and WHS Management Systems.

The company works with numerous Indigenous communities to place Indigenous men and women into various roles and provides ongoing mentoring to support them in their employment journey. SPC also sponsors the Moorditj Yorga Indigenous Scholarship Program – which provides a full scholarship at Curtin University and ongoing career placement support for Indigenous women.

"I remember my grandmother saying to me. 'Son, one thing you need to do in life, you need to get an education, because the white man is educated and you need to be able to operate on that same level, as the white man'. That stuck into me because in the Aboriginal culture one of the things I learnt was that education is a lifelong process. Those words of wisdom, focusing on getting an education, grabbing the opportunities and having a job, have probably been the biggest things that have helped me through life. Now, it's time to give back. My mission is to help my community to get an education and mainly secure themselves a job." - Paul Newman, Director SCP

Advancing reconciliation with First Nations' peoples in Australia

This year, we formalised our commitment to recognition and reconciliation by developing and launching our first Reconciliation Action Plan (RAP). In recent years, Cochlear has made important steps in advancing reconciliation, recognising the impact of dispossession on generations of Australia's First Nations peoples, and celebrating their important role in Australia's past, present and future.

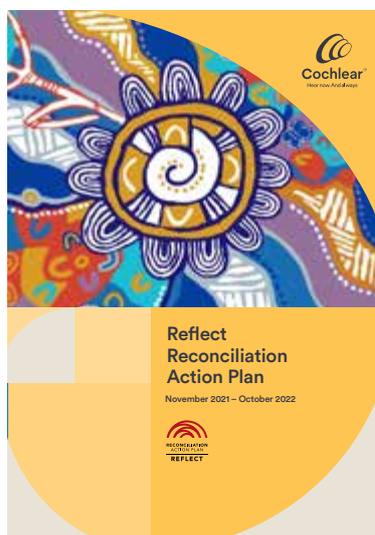
Our Reflect RAP sets out a pathway for us to explore practical actions we can take in key areas where we can have real influence and impact including helping to tackle the ear and hearing health gap between First Nations peoples and other Australians. Other priority actions include improving employment opportunities and outcomes for First Nations peoples within Cochlear, promoting STEM and healthcare career pathways for First Nations students, increasing support for First Nations suppliers and creating a culturally safe workplace for First Nations peoples.

In August 2021, we became members of Supply Nation, Australia's largest national Indigenous data-base, which facilitates connections between Indigenous businesses and member companies. Supply Nation's certified businesses are more than 50% Indigenous-owned and managed, enabling meaningful contribution to transform the Indigenous business sector.

During National Reconciliation Week (27 May to 3 June) we held events at our Sydney, Brisbane and Melbourne offices to promote our RAP and help recognise our shared histories, cultures and achievements, while exploring how we can all contribute to achieving reconciliation in Australia.



From left to right: Dig Howitt, Cochlear's CEO & President, Courtney Muir, Cochlear Engagement Associate; and Connor McLeod, Cochlear Research Associate. Courtney and Connor are also Indigenous Graduate Program Alumni. All members of our RAP Working Group, pictured at Cochlear's global headquarters on Wallumattagal land.



Reflect Reconciliation Action Plan



Advancing environmental sustainability

2022 Highlights

- Set target of net-zero GHG emissions in our operations by 2030.
- Set target of net-zero GHG emissions across our value chain by 2050.
- Transitioned manufacturing to 100% renewable energy at five of our six manufacturing sites.
- Approved the installation of a 750 kW roof top solar system at our Lane Cove facility.

Our targets

- 25% reduction in our absolute Scope 1 and Scope 2 emissions by 2025
- 50% reduction in business flight emissions by 2025
- Net-zero emissions in our operations (Scope 1 and 2) by 2030
- Net-zero emissions across our value chain (Scope 1, 2 and 3) by 2050

Our actions

- Our pathway to net-zero emissions
- Defining our ambition
- Managing our climate-related sustainability risks
- Enhancing environmental management and compliance

Material topic

Energy, emissions and climate resilience

Our pathway to net-zero emissions



Defining our ambition

Cochlear's operations produce low-level of Scope 1 and 2 emissions in comparison to other sectors. We recognise that climate change is one of the greatest challenges of our time, having great impact on human health. We are committed to taking an active role in the global effort to tackle climate change and are using climate science to better understand our impacts.

This year, we defined our net-zero targets, that respond to our materiality assessment and are aligned with our long-term sustained value creation focus. We conducted a comprehensive review of our historical emissions data according to the [GHG Protocol](#) and defined our FY19 baseline. Our Scope 1 or direct emissions consist of gasoline and natural gas for our fleet and operations. The Scope 2 emissions are related to purchased electricity for our manufacturing and other facilities. Scope 3 refers to all indirect emissions, including business travel, employee commuting, distribution, waste management, among others.

Cochlear targets for reducing GHG emissions are in line with the Science Based Target methodology, consistent with the reductions required to limiting warming to 1.5 degrees above pre-industrial levels. The [Science Based Target Initiative \(SBTi\)](#) defines and promotes best practice in emissions reductions and net-zero targets in line with climate science.

By the end of FY22, five of our six manufacturing facilities had transitioned to 100% renewable energy with the sixth transitioning in July 2022. To reduce our Scope 1 and 2 emissions, we will continue to expand the use of renewable energy at our sites, improve energy efficiency and explore options to reduce our fleet emissions. In 2022, our manufacturing site in Chengdu became fully operational, contributing to an increase in electricity consumption.

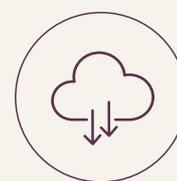
We have defined a phased approach for our Scope 3 (indirect) emissions. We have been measuring our business flight-related emissions since 2019 and in FY21 set a target to reduce our business flights per FTE (full-time equivalent employee) by 20% and our flight-related emissions by 50% in 2025 (from a 2019 baseline). For the other Scope 3 emissions, we will conduct a complete inventory and define our reduction strategy by 2025. The strategy will be consistent with our aspiration to achieve net-zero emissions across our value chain in 2050 at latest.

We are optimising our supply chain network which will help to reduce distance travelled as part of upstream and downstream transportation of materials and products. In FY23 we expect to reduce the kilometres travelled by around 10%.

Our emissions and energy use

	Detail	% Change from 2019 (Baseline)	2022	2021	2020	2019
GHG emissions*						
	Unit					
Total Scope 1	tCO ₂ e	▼ -39%	251	474	559	409
Total Scope 2	tCO ₂ e	▼ -12%	8,693	11,793	9,115	9,825
Total Scope 1 & 2	tCO ₂ e	▼ -13%	8,945	12,267	9,674	10,234
Emission intensity per unit	KgCO ₂ e/unit	▼ -37%	41	68	66	66
Emission intensity per mAUD	KgCO ₂ e/revenue	▼ -28%	5	8	8	8
Total Scope 3**	tCO ₂ e	▼ -90%	1,046	186	4,774	18,630
Total Scope 1 to 3	tCO ₂ e	▲ -62%	9,991	12,464	14,448	28,864
Energy						
	Unit					
Direct purchased electricity	MWh	▲ 29%	22,943	22,857	15,638	17,806
Direct purchased natural gas + petrol	MWh	▼ -62%	2,066	1,904	1,201	5,371
Total direct purchased energy	MWh	▲ 8%	25,009	24,761	16,839	23,177
Energy intensity per unit	MWh/unit	▼ -8%	0.11	0.13	0.11	0.11
Energy intensity per mAUD	MWh/revenue	▲ 6%	14	15	13	13

This year, we defined net-zero targets, that respond to our materiality assessment and are aligned with our long-term sustained value creation focus.



27%

reduction in Scope 1 and 2 emissions from FY21

* In FY22, we made a technical review of our Scope 1, 2 and 3 emissions and made relevant adjustments to better represent our complete emissions. Scope 1 and 2: Estimates have been made for certain facilities where actual data was not available. Scope 3: Estimates have been based on flight costs for travels where actual data was not available.
** Scope 3 emissions related to business flights only. Total includes 1,150 tCO₂e carbon offsets. Increase from 2021 reflects the resume of business travel.

Environmental management

Our [Environmental Policy](#) sets out our commitment to managing and reducing our impact on the global environment. Working closely with our partners and suppliers we monitor our environmental performance across our operations and across the value chain.

Our [Supplier Code of Conduct](#) outlines our commitments to maintain the high standard we expect from our suppliers, and the set of core values we expect for our business – including standards on human rights, ethics, safety and environmental sustainability.

Solar Panels at our Lane Cove Facility

We have approved the installation of a 750 kW rooftop solar panel system in our Lane Cove facility which will enable us to generate renewable electricity onsite and is expected to be fully operative by the end of 2023. This is part of a larger project to revitalise and improve the environmental performance of our Lane Cove manufacturing facility. The project which will help create 170 jobs and is receiving support from the NSW Government.

The solar panel system will offer the following benefits:

- Reduce the facility's demand for grid power by 43%.
- Reduce carbon emissions by 850 tonnes per annum.
- Production capability of 750 kW at peak times.
- Weather protection to cars and staff.



Managing our climate-related sustainability risks

Cochlear's enterprise risk management approach includes assessment of our physical climate-related risks (riverine and urban flood, extreme heat, cyclones and wildfires). This also includes assessment of potential climate-related risks to critical production related suppliers and critical business infrastructure providers. This approach is overseen by the Board's Audit and Risk Committee which assists the Board discharge its responsibilities in ensuring Cochlear maintains effective risk management and internal control systems, including in relation to sustainability and climate-related risks.

We have also considered the risks and opportunities from transition to a low carbon economy. Although we are not a carbon-intensive industry, we assess our

supply chain to identify relevant climate impacts so that ambitions to decarbonise are aligned.

As we further align our approach with TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, in the coming years we intend to extend our climate-related scenario analysis. This will inform a more detailed assessment of risks and opportunities associated with climate change and the transition to a low carbon economy.

The main metrics used to assess and manage climate-related risks and opportunities are:

- Scope 1, 2 and 3 GHG emissions.
- Location of relevant facilities.
- Our targets to reach net-zero, in line with the SBTi.



Enhancing environmental management and compliance

Resource efficiency

As we move towards our net-zero targets, we continue to invest in innovation, sustainable product design and energy efficiency.

For example, the off-the-ear Nucleus® Kanso® 2 Sound Processor is 10% smaller than the previous model. It uses integrated rechargeable battery technology with estimated durability of at least 5 years and eliminates the use of disposable batteries.

We are also investing in responsible packaging. To minimise the environmental impact from packaging waste, in collaboration with local suppliers we have implemented recyclable [PaperFoam](#) and biodegradable packaging across all our products.

At our sites, we are committed to continuously identifying ways to reduce 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 regulations and available infrastructure.

Our current production processes use limited quantities of water, with the majority consumed through staff kitchens and bathrooms. We encourage responsible water consumption and continuously identify appropriate water-saving initiatives.

Water intensity*	% Change from prior year	2022	2021	2020	2019
Water intensity (m3 water / m2 floor space)	1%	0.76	0.75	0.77	0.71

* In FY22 we adjusted our methodology to better represent our water consumption.

Environmental compliance

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.

In relation to product design, we comply with the International Electrotechnical Commission Standard - IEC 60601-1-9:2020: Requirements for environmentally conscious design, focused in minimizing the environmental impacts during the life cycle. The standard includes the identification of environmental aspects at the design stage aiming to reduce the impacts during each stage of the product's life.



PaperFoam® packaging

Global Reporting Initiative (GRI) Index

Cochlear Limited has reported the information cited in this GRI content index for the period from 01 July 2021 to 30 June 2022 with reference to the GRI Standards.

GRI used: GRI 1: Foundation 2021. No sector guidelines apply.

Disclosure	Location	SDGs	UNGC
GRI 2: General Disclosures 2021			
2-1 Organizational details	Sustainability Report 2022 - page 2 - About Cochlear		
2-2 Entities included in the organization's sustainability reporting	Sustainability Report 2022 - page 1 - About this report		
2-3 Reporting period, frequency and contact point	Sustainability Report 2022 - page 1 - About this report	16	
2-4 Restatements of information	Sustainability Report 2022 - page 52 - Our emissions and energy use, page 55 - Water intensity	16	
2-5 External assurance	The sustainability report was not submitted to external assurance. The content of this report is approved by the executive team.		
2-6 Activities, value chain and other business relationships	Sustainability Report 2022 - page 48 - Investing in sustainable procurement	16	
2-7 Employees	Sustainability Report 2022 - page 37 - Our workforce	16	
2-8 Workers who are not employees	Sustainability Report 2022 - page 37 - Our workforce	16	
2-9 Governance structure and composition	Annual Report 2022 - pages 60 - 69 - Governance	16	
2-10 Nomination and selection of the highest governance body	Cochlear Limited Corporate Governance Statement 2022	16	
2-11 Chair of the highest governance body	Annual Report 2022 - page 62 - Board of directors	16	
2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report 2022 - page 60 - Roles and responsibilities of the Board and management	16	1, 7
2-13 Delegation of responsibility for managing impacts	Sustainability Report 2022 - page 11 - Sustainability governance Annual Report 2022 - page 60 - Roles and responsibilities of the Board and management	16	1, 7, 10
2-14 Role of the highest governance body in sustainability reporting	Sustainability Report 2022 - page 11 - Sustainability governance	16	1, 7
2-15 Conflicts of interest	Cochlear Global Code of Conduct	16	10
2-16 Communication of critical concerns	Cochlear Global Code of Conduct	16	10
2-17 Collective knowledge of the highest governance body	Annual Report 2022 - pages 60 - 69 - Governance	16	
2-18 Evaluation of the performance of the highest governance body	Annual Report 2022 - pages 60 - 69 - Governance	16	
2-19 Remuneration policies	Annual Report 2022 - pages 70 - 89 - Remuneration report	8	1, 7, 10
2-20 Process to determine remuneration	Annual Report 2022 - pages 70 - 89 - Remuneration report	8	
2-21 Annual total compensation ratio	Information currently not disclosed.	16	
2-22 Statement on sustainable development strategy	Sustainability Report 2022 - pages 4 - 5 - A message from our CEO & President	16	1, 7
2-23 Policy commitments	Sustainability Report 2022 - page 51 - Our pathway to net-zero emissions Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	16	1, 7, 8, 10

Disclosure	Location	SDGs	UNGC
GRI 2: General Disclosures 2021			
2-24 Embedding policy commitments	Sustainability Report 2022 - pages 10-11 - Our sustainability approach	16	
2-25 Processes to remediate negative impacts	Sustainability Report 2022 - pages 10-11 - Our sustainability approach, 53 - Environmental management, 54 - Managing our climate-related sustainability risks Cochlear Global Code of Conduct	16	7, 8, 9
2-26 Mechanisms for seeking advice and raising concerns	Cochlear Global Code of Conduct	16	10
2-27 Compliance with laws and regulations	Sustainability Report 2022 - page 45 - Maintaining high levels of corporate governance	16	1, 2, 8
2-28 Membership associations	Sustainability Report 2022 - pages 4 - 5 - A message from our CEO & President	All SDGs	
2-29 Approach to stakeholder engagement	Sustainability Report 2022 - page 7 - Materiality	16	
2-30 Collective bargaining agreements	Cochlear Global Code of Conduct	8	3
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	Sustainability Report 2022 - page 7 - Materiality	17	
3-2 List of material topics	Sustainability Report 2022 - page 7 - Materiality	17	1, 2, 7, 8
3-3 Management of material topics	Sustainability Report 2022 - pages 7 - Materiality, 10 - Our sustainability approach		1, 2, 7, 8, 10
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	Annual Report 2022 - page 95 - Financial report	3, 8, 10	
201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report 2022 - pages 52 - 57 - Advancing environmental sustainability	13	7, 8, 9
201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2022 - page 111 - Defined benefit plans	16	
201-4 Financial assistance received from government	Annual Report 2022 - pages 105 - Other income	16	
GRI 205: Anti-corruption 2016			
205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report 2022 - page 45 - Global Code of Conduct	3, 16	10
GRI 207: Tax 2019			
207-1 Approach to tax	Sustainability Report 2022 - page 47 - Tax strategy	1, 10, 17	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	7, 8, 9
302-2 Energy consumption outside of the organization	Sustainability Report 2022 - page 51 - Defining our ambition	13	8, 9
302-3 Energy intensity	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	7, 8, 9
302-4 Reduction of energy consumption	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	8, 9
303-5 Water consumption	Sustainability Report 2022 - page 55 - Resource efficiency	12	8, 9
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	8, 9
305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	8, 9
305-3 Other indirect (Scope 3) GHG emissions	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	8, 9
305-4 GHG emissions intensity	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	8, 9
305-5 Reduction of GHG emissions	Sustainability Report 2022 - page 52 - Our emissions and energy use	13	8, 9

Disclosure	Location	SDGs	UNGC
GRI 306: Waste 2020			
306-2 Management of significant waste-related impacts	Sustainability Report 2022 - page 55 - Resource efficiency	12	8, 9
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	Sustainability Report 2022 - page 48 - Investing in sustainable procurement	8, 9, 10, 13	8
308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability Report 2022 - page 48 - Investing in sustainable procurement	8, 9, 10, 13	8
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	Sustainability Report 2022 - page 38 - Attracting and retaining talent	3, 8	
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-3 Occupational health services	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-5 Worker training on occupational health and safety	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-6 Promotion of worker health	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-8 Workers covered by an occupational health and safety management system	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-9 Work-related injuries	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
403-10 Work-related ill health	Sustainability Report 2022 - page 42 - Supporting the wellness and safety of our teams	3, 8	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	Sustainability Report 2022 - page 38 - Attracting and retaining talent	8	
404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2022 - page 38 - Attracting and retaining talent, 39 - Shaping our culture	8	
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	Sustainability Report 2022 - pages 40 - 41 - Embracing diversity	5	6
GRI 408: Child Labor 2016			
408-1 Operations and suppliers at significant risk for incidents of child labor	Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	8	5
GRI 409: Forced or Compulsory Labor 2016			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Cochlear Global Code of Conduct Cochlear Modern Slavery Statement	8	4
GRI 411: Rights of Indigenous Peoples 2016			
411-1 Incidents of violations involving rights of indigenous peoples	Sustainability Report 2022 - page 49 - Advancing reconciliation with First Nations' peoples in Australia	1, 8, 10	1

GRI 413: Local Communities 2016

413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Report 2022 - pages 22 - 23 - Cochlear Foundation	3, 4, 8, 10
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GRI 414: Supplier Social Assessment 2016

414-1 New suppliers that were screened using social criteria	Sustainability Report 2022 - page 48 - Investing in sustainable procurement	8, 9, 10, 13 1, 3, 4, 5
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414-2 Negative social impacts in the supply chain and actions taken	Sustainability Report 2022 - page 48 - Investing in sustainable procurement	8, 9, 10, 13 1, 3, 4, 5
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GRI 415: Public Policy 2016

415-1 Political contributions	Sustainability Report 2022 - page 46 - Public policy engagement	3, 16 10
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GRI 416: Customer Health and Safety 2016

416-1 Assessment of the health and safety impacts of product and service categories	Sustainability Report 2022 - page 34 - Leading on product quality and reliability	3, 9, 12
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GRI 417: Marketing and Labeling 2016

417-1 Requirements for product and service information and labeling	Sustainability Report 2022 - page 34 - Leading on product quality and reliability	3, 9, 12
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GRI 418: Customer Privacy 2016

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report 2022 - page 47 - Data privacy and data security	16
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- Our calculation is based on the latest published data on cost-benefit analysis of cochlear implants (Neve OM et al., 2021). This study calculated a net monetary benefit of cochlear implants in developed markets. This is a conservative estimate based on the number of children, adults and seniors we have helped in each segment. This doesn't include the added value from helping people in emerging markets or other acoustic devices we provided in the last year.
- The relationship between Malala Fund and Cochlear Foundation is described as a "partnership" for convenience and does not constitute a legal partnership, joint venture, agency, employment or any other relationship by which either party may become liable for the acts or omissions of the other.
- See reference 1.
- See reference 1.
- See reference 2.
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- See reference 2.
- See reference 20.

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