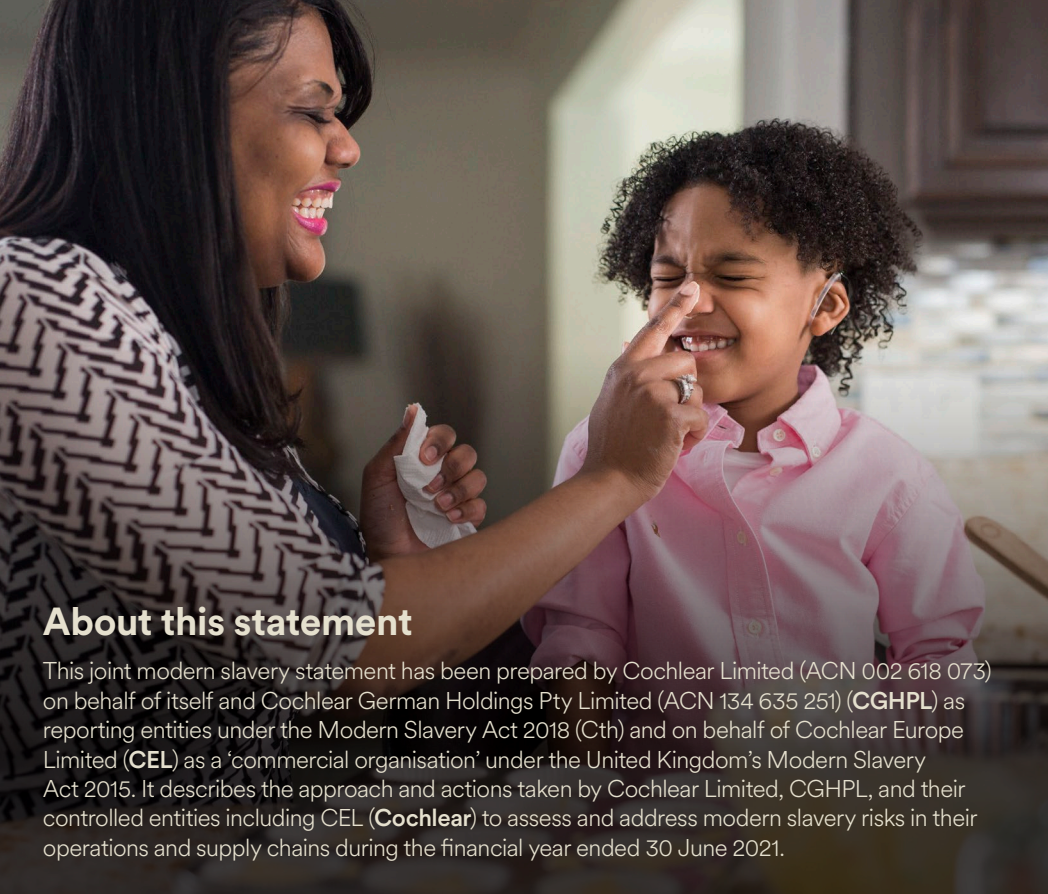




**Cochlear**<sup>®</sup>  
Hear now. And always

# Cochlear Modern Slavery Statement 2021



### About this statement

This joint modern slavery statement has been prepared by Cochlear Limited (ACN 002 618 073) on behalf of itself and Cochlear German Holdings Pty Limited (ACN 134 635 251) (CGHPL) as reporting entities under the Modern Slavery Act 2018 (Cth) and on behalf of Cochlear Europe Limited (CEL) as a 'commercial organisation' under the United Kingdom's Modern Slavery Act 2015. It describes the approach and actions taken by Cochlear Limited, CGHPL, and their controlled entities including CEL (Cochlear) to assess and address modern slavery risks in their operations and supply chains during the financial year ended 30 June 2021.



40

Years of history treating hearing loss



180+

We help people of all ages to hear in more than 180 countries

# Cochlear's structure and operations

Cochlear Limited is the parent company of the Cochlear group and commenced operations in 1981 as part of the Nucleus group.

In 1995, Cochlear Limited listed on the Australian Securities Exchange, and is a top 50 listed Australian company with a market capitalisation of over \$15 billion as of 30 June 2021. Cochlear German Holdings Pty Limited (CGHPL) is a wholly-owned subsidiary within the Cochlear group and is a parent company for a number of Cochlear subsidiaries incorporated in Europe.

Cochlear's global headquarters are on the campus of Macquarie University in Sydney, with regional offices in Asia Pacific, Europe and the Americas. Cochlear has a wide geographical reach, selling in over 180 countries, with a direct presence in more than 30 countries and a global workforce of more than 4,000 employees. Cochlear operates manufacturing facilities and/or research & development (R&D) centres in Australia, Belgium, China, Malaysia, Sweden and the U.S.

Cochlear develops, manufactures, and markets various hearing solutions for people with moderately severe to profound hearing loss including those with conductive hearing loss, mixed hearing loss and single-sided deafness. More than 650,000 Cochlear implant devices have been provided for 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 all generations of recipients. We invest more than \$190 million each year in R&D and currently participate in over 100 collaborative research programs worldwide.

Cochlear's global headquarters in Sydney is primarily responsible for global supply chain management and for implementing key procurement policies and procedures for our major manufacturing sites. Screening and risk-based assessment of modern slavery and other environmental, social and governance (ESG) risks for the corporate group are also largely undertaken by Cochlear's global headquarters. Activities relating to the marketing, distribution and sales of Cochlear's products and services are managed and executed by Cochlear's regional subsidiaries that are entities controlled by Cochlear Limited.



6

Global manufacturing facilities



650,000+

Implantable devices provided by Cochlear since 1981 - more than any other company for implantable hearing<sup>1,2</sup>



\$190m+

Invested each year in research and development



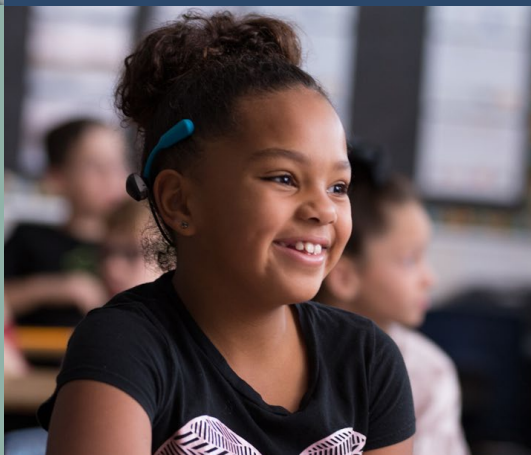
200,000+

Members in the Cochlear Family community, receiving support and inspiration



100+

Collaborative research programs worldwide



4,000+

Employees globally dedicated to improving people's lives





# Cochlear's Supply Chains

Cochlear relies on its global network of supply partners to support its manufacturing, R&D, and day-to-day business operations.

During the financial year ended 30 June 2021 (**FY21**), Cochlear worked with over 750 external suppliers which provided a diverse range of products and services such as electronic components, batteries, precious metals, transport and freight to support our manufacturing and R&D activities (**Production-related Suppliers**). In the same period, Cochlear also engaged more than 1,700 external suppliers to enable and support Cochlear's day to day business activities and corporate functions (**Non-production-related Suppliers**).

We have a significant degree of oversight with respect to our Production-related Suppliers, given our centralised management of procurement processes for manufacturing sites and given our need to carefully select, evaluate, monitor and tightly control the quality of inputs used in manufacturing, packaging and transporting our products.

Set out below is a table outlining our top 10 sourcing locations by spend with our Production-related Suppliers, and an overview of the key categories of products or services procured from each location.

## Sourcing locations by spend with our Production-related Suppliers

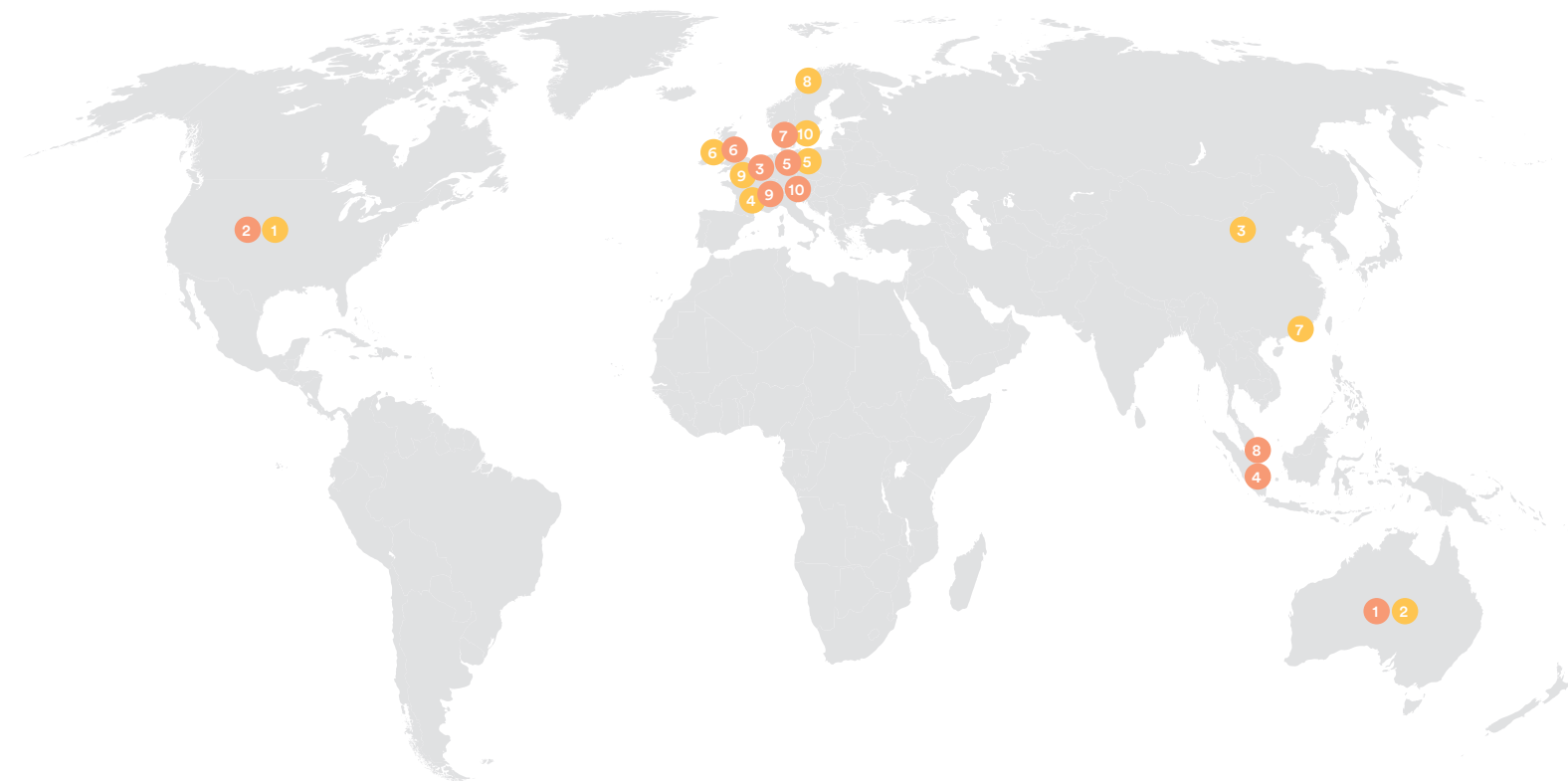
Location	Key categories of products or services externally procured
1 United States	Batteries, Electronic Assemblies
2 Australia	Precious Metal Components, Acoustic Components, Metal Machined Components
3 China	Parts Plastic Moulded, Electronic Assemblies, Printed Circuit Boards (PCBs)
4 Switzerland	Batteries, PCBs, Metal Machined Components
5 Germany	Electronic Assemblies, Metal Stamped Components
6 United Kingdom	Precious Metal Components
7 Hong Kong	Finished Goods Electronic Assemblies, Metal Injection Moulded Components
8 Sweden	Adhesives, Gaskets, Accessories
9 Belgium	Electronics Integrated Circuits
10 Denmark	Electronic Assemblies

Cochlear's headquarters in Sydney provide centralised oversight and management for the procurement of goods and services from Non-production-related Suppliers. However, a significant portion of the purchasing from Non-production-related Suppliers is undertaken by the teams and departments in various regions and functions in a more decentralised manner, owing to the breadth of our business and the number of jurisdictions in which Cochlear's marketing, distribution and sales functions operate.

Set out below is a table outlining our initial analysis on top 10 sourcing locations by spend with our Non-production-related Suppliers, and an overview of key categories of products or services procured from each location.

## Sourcing locations by spend with our Non-production-related Suppliers

Location	Key categories of products or services externally procured
1 Australia	Corporate Services, Consulting, Facilities, Promotional, Software, Transport & Freight
2 United States	Corporate Services, Consulting, Facilities, Promotional, Software, Transport & Freight
3 Belgium	Corporate Services, Consulting, Facilities, Software
4 Malaysia	Corporate Services, Consulting, Facilities
5 Germany	Corporate Services, Consulting, Promotional, Facilities, Software
6 United Kingdom	Corporate Services, Consulting, Promotional
7 Denmark	Corporate Services, Facilities
8 Singapore	Corporate Services, Consulting, Facilities
9 Switzerland	Corporate Services, Consulting, Facilities
10 Austria	Transport & Freight, Services





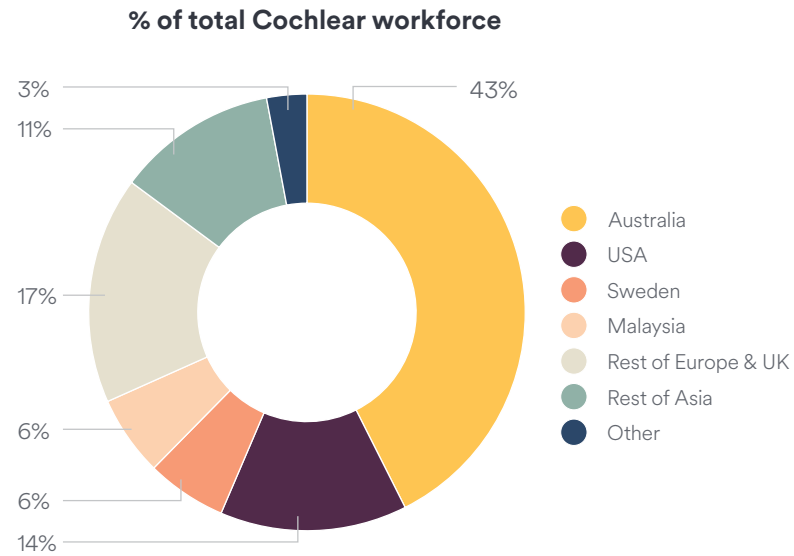
# Modern slavery risks in Cochlear's operations and supply chains

Cochlear takes a risk-based approach to identifying and addressing the extent to which it may contribute to, cause or be linked to modern slavery as well as other ESG risks in its operations and supply chain.

## Operations

Cochlear exercises control and oversight over all of its manufacturing and R&D operations and has in place Group-wide policies, a risk management system, and compliance controls that are designed to identify and mitigate modern slavery risks.

Cochlear's employee onboarding process for foreign workers at our manufacturing operations in Malaysia and China involve an additional check undertaken by an external provider to verify the candidates' identities and working rights in the country of employment.



## Supply chains

We use internationally recognised tools and resources such as the Global Slavery Index and KnowTheChain to establish a risk assessment framework for identifying suppliers with a high ESG risk exposure.

In reference to these tools and resources as well as internally established guidelines, Cochlear assesses supplier risk having regard to a number of criteria that take into account our spend with the supplier as well as geographic, sector/industry and product/services risks. In FY21, we have undertaken a risk assessment of suppliers with whom our annual spend is greater than AUD\$100,000 and have identified potential risk exposures as set out in the table below.

Type	Criteria	Examples of potential risk exposures identified
<b>Social risks based on sourcing country's record on human rights &amp; labour rights</b>	High country risk based on internationally recognised sources such as the Global Slavery Index and KnowTheChain	A number of suppliers based in Asia Pacific region were identified as potentially high risk
<b>Sector risks based on sourcing categories</b>	Working group feedback and guidance from Department of Home Affairs, UK Home Office and KPMG Modern Slavery Guide	19 priority sectors identified in total, including batteries, cables, packaging, plastics, facilities, contract manufacturers, cleaning and waste management





# Actions taken to assess and address modern slavery risks

## Due diligence

Within our own operations, we set the ‘tone at the top’ by continually reinforcing a culture of acting lawfully, ethically and responsibly. Our Global Code of Conduct, which sets the standard for business conduct including modern slavery, a fair work environment and health and safety, is endorsed and supported by the Board and senior management. During FY21, Cochlear conducted mandatory training on its Global Code of Conduct, including on modern slavery risks, for all its staff including employees of Cochlear’s regional subsidiaries.

In FY21, Cochlear engaged a professional advisory firm to provide our Audit & Risk Committee an independent overview of the modern slavery regulatory landscape, including on the legal responsibilities of the Board.

Cochlear continues to work with its suppliers to enhance their compliance with Cochlear’s expectations and standards set out in the Supplier Code of Conduct in relation to labour rights, safety and wellbeing, environmental sustainability and ethical trading. The Supplier Code of Conduct is given effect through our supplier onboarding process and legal agreements with suppliers.

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.

Cochlear has a suite of policies and procedures that support its efforts to screen, assess and manage the risks of modern slavery and other ESG risks in its supply chain. New suppliers that provide products or services that are critical to our manufacturing and R&D activities are screened for major governance, human rights and environmental risks. As part of this screening process, any supplier deemed to carry a high ESG risk based on internally established standards and thresholds are required to undergo a more detailed ESG assessment.

## Our policy framework at-a-glance

Policy	Type	Purpose
<b>Global Procurement Policy</b>	Business-wide policies and procedures	Cochlear’s Global Procurement Policy requires all Cochlear employees to take into account environmental and social issues when procuring goods and services.
<b>Whistleblower Protection Policy</b>	Business-wide policies and procedures	Cochlear’s Whistleblower Protection Policy aims to promote a culture of acting lawfully, ethically and responsibly by enabling Eligible Protected Persons to confidentially report suspected or actual misconduct in relation to Cochlear, without fear of reprisal, victimisation or disadvantage.
<b>Global Code of Conduct</b>	Operational policies and procedures	Cochlear’s Global Code of Conduct outlines expectations of Cochlear Representatives in the way in which they must conduct business lawfully, ethically and responsibly.
<b>Supplier Code of Conduct</b>	Supply chain policies and procedures	Cochlear’s Supplier Code of Conduct outlines Cochlear’s expectations on our suppliers regarding standards of behaviour in relation to human rights, corporate governance, ethics, safety and sustainability.

Existing suppliers are subject to an annual supplier review based on country of origin, sourcing category and annual spend. We undertake an enhanced risk assessment with suppliers with whom our annual spend exceeds a monetary threshold (AUD\$100,000 for FY21) and where a potential risk exposure has been identified.

Further, for high-risk Production-related suppliers, our Procurement team requests them to complete self-assessments by responding to supplier questionnaires to measure the risk of modern slavery and other ESG related topics, including labour rights, safety and well-being, environment and sustainability, ethical trading, and ESG-related management. For high-risk Non-production-related suppliers, the same self-assessment is required to be completed by suppliers during the relevant tender process for the provision of goods or services to Cochlear.

**Cochlear has a suite of policies and procedures that support its efforts to screen, assess and manage the risks of modern slavery and other ESG risks in its supply chain.**





## Remediation

Cochlear is committed to creating and maintaining a lawful, ethical and responsible working environment that promotes good corporate governance. Cochlear's Whistleblower Protection Policy empowers Eligible Protected Persons – including current and former suppliers and employees of suppliers – to report any suspected or actual misconduct in relation to Cochlear, including any suspected instances of modern slavery. The Whistleblower Protection Policy is available on the Company's website in English and other languages relevant for our global business.

The Cochlear Whistleblower Service is an externally operated confidential service, available anywhere in the world, at any time through which Cochlear employees as well as suppliers (including employees of suppliers) are able to anonymously (subject to local laws and regulations) submit reports of any breach of law, regulation or Cochlear policy or procedure including for any breaches of Cochlear's Global Code of Conduct and the Supplier Code of Conduct. The Group General Counsel is notified of each report submitted through the Cochlear Whistleblower Service and is required to appoint an Investigating Officer to assess the report and, where appropriate, investigate the report.

If Cochlear identifies any practices of concern at a supplier, it will work with the relevant supplier to provide support and take appropriate measures to ensure that the supplier's practices are aligned with Cochlear's standards and expectations. Suppliers are required to have a robust corrective action process to drive improvement in safety, sustainability, labour standards and ethical trading principles. Ongoing or repeated non-compliance with the Supplier Code of Conduct will activate a review of the supplier's commercial relationship with Cochlear, and non-compliance of a serious nature or repeated breaches of our Supplier Code of Conduct may result in Cochlear taking further action including but not limited to terminating the supply relationship with the Supplier.

## Assessing the effectiveness of actions being taken

Cochlear undertakes an annual ESG review of its supply chains and procurement activities to ensure appropriate ESG risk screening and any remedial actions are being undertaken. This annual review also includes assessing the ongoing effectiveness of Cochlear's current processes in identifying and addressing modern slavery and other ESG risks.

In continuous improvement of its assurance programs, in FY22 Cochlear is reviewing its assessment and due diligence processes used to identify and address modern slavery and other ESG risks in our operations and supply chain. Cochlear intends on using the findings from this review to inform any changes and improvements to be implemented to ensure ongoing effectiveness of our systems and processes.

## Consultation

This Statement was prepared by a working group of members from Cochlear Limited's Group Risk & Audit, Legal, People & Culture, Supply Chain & Operational Excellence, and Sustainability who manage or advise on Cochlear's activities with respect to identifying and addressing modern slavery risks. Representatives from management teams responsible for providing overall oversight and management of entities which Cochlear Limited owns or controls were consulted and given an opportunity to provide input and feedback during the development of this Statement. The Statement was presented to Cochlear Limited's Audit & Risk Committee for review which was also provided details about the reporting requirements under the Modern Slavery Act 2018 (Cth). Finally, the Statement was presented to the Board of Cochlear Limited for final review and approval.

**This statement was approved by the Board of Directors of Cochlear Limited on 13 December 2021.**



**Dig Howitt**  
**CEO & President**  
**Director of Cochlear Limited**





# Hear now. And always

As the global leader in implantable hearing solutions, Cochlear is dedicated to helping people with moderate to profound hearing loss experience a life full of hearing. We have provided more than 650,000 implantable devices, helping people of all ages to hear and connect with life's opportunities.

We aim to give people the best lifelong hearing experience and access to innovative future technologies. We have the industry's best clinical, research and support networks.

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

## References

1. Cochlear Limited. D1896723. Annual Report 2021, August.
2. Cochlear Limited. D1748513. Hearing implant market data. 2020, May.