



GN

Sustainability • ESG Report

GN Store Nord A/S -2020

Contents

GN Sustainability – ESG Report 2020

| | |
|--|----|
| Management's commitment | 3 |
| Our approach to sustainability | 4 |
| Where GN has lasting impact | 5 |
| Making Life Sound Better | 6 |
| Doing business the right way | 9 |
| Engaged and focused people | 11 |
| Safety and support during the pandemic | 13 |
| Calling all innovators | 14 |
| Sustainable products and packaging | 15 |
| Smart sustainable packaging | 18 |
| Sustainable operations | 19 |
| 2025 sustainability goals | 21 |
| Company and grassroots support | 22 |
| Sustainability governance | 25 |
| Stakeholder engagement | 26 |
| About this report | 27 |
| Appendix 1: GN's 2025 sustainability goals | 29 |
| Appendix 2: ESG data | 32 |
| Appendix 3: Business model | 33 |

Membership of UN Global Compact

Member since January 14, 2010

Number of employees: 6,525

Sector: Health care equipment and electronics

Reporting date: February 11, 2021

The report covers the period: January 1, 2020 to December 31, 2020

This report forms part of the management's report in the Annual Report 2020 for GN Store Nord A/S and constitutes GN's corporate responsibility report according to Section 99a in the Danish Financial Statements Act.

The report is not covered by the audit.

Visit www.gn.com/About/Corporate-sustainability to read our responsibility guidelines and policies.



Charting a course for true impact

At GN, we are proud of the difference our products make to society and people's lives. Our hearing instruments help our users lead better lives, while our audio and video solutions help customers collaborate in a climate-friendly way, especially in a year when being able to collaborate remotely meant staying safe

GN's hearing, audio and collaboration solutions let people **Hear More**, whether at work, at home or during leisure activities. People are enabled to **Do More**, for example improving productivity or communicating with loved ones. These benefits allow people to **Be More**, whether improving health, becoming more productive, regaining a desired role in society or at work, or understanding colleagues. In short, GN enables people to live better and more fulfilling lives.

As our business grows, so does our positive impact on society. Further, GN has always strived to do business the right way – in how we produce, in how we treat people, and in how we govern our company. This work is aligned with the UN's Sustainable Development Goals (SDGs).

We made progress in many areas in 2020. To name a few: the packaging of major Jabra product lines is now truly sustainable; we intensified investigation of sustainable materials for future products; we worked in many parts of the world to support hearing loss for those most in need; and with rechargeable batteries as the new standard in our hearing aids we aim to save millions of batteries.

To further improve, we have in 2020 assessed the key priorities for GN and our stakeholders. Building on our already strong foundation in people excellence, human rights protection, and business ethics, we have defined

three key areas where we can make true impact over the next years: climate change, sustainable products and packaging, and health.

- By 2025 we aim to be climate neutral in our own company activities, whilst also reducing our indirect emissions.
- By 2025 we will use at least 50% sustainable materials in new products, having truly sustainable packaging across GN, launching take-back schemes for all relevant products and regions, and give more products a second life through repair or refurbishment.
- By 2025 we want to help more than 10 million people with hearing loss, continue to raise awareness and break down stigmas around hearing loss, and work with our foundations as well as an NGO partner on supporting unmet hearing needs across the world.

This report contains more details on these and many other ways in which we have supported and will continue to support a sustainable society and GN. The report forms part of the Annual Report 2020 for GN Store Nord A/S and constitutes GN's corporate responsibility report according to Section 99a in the Danish Financial Statements Act.

We welcome any feedback you have on this report or GN's sustainability approach more generally.



Executive Management: Peter la Cour Gormsen, CFO, GN Store Nord & GN Audio, Gitte Aabo, CEO, GN Hearing and René Svendsen-Tune, CEO, GN Store Nord & GN Audio

Our approach to sustainability

Doing business responsibly has always been core to GN throughout our long history. In 2020, the UN Sustainable Development Goals helped us to proactively drive sustainability across our company and chart our course for the future



2020 marked our 10th year as a committed signatory to the UN Global Compact and its 10 principles of responsible business. These principles guide us in everything we do. We uphold and protect human rights throughout our supply chain, ensure our labor practices meet international standards by protecting the freedoms and rights of anyone working in our supply chain, take responsibility for our environmental footprint and actively work to reduce it through our products, and uphold the highest standards of business ethics.



Leading ESG rating agency MSCI acknowledges our strong foundation, rating GN with an AA in 2020 for our performance across all relevant

sustainability/ESG areas, placing us in the upper quartile of companies in our industry.

Building on this foundation, we address sustainability proactively as an enabler of our strategy. This is first and foremost driven by our desire to drive real and lasting impact, by contributing to the UN Sustainable Development Goals (SDGs),

focused on the SDGs that are most relevant to GN (see next page).

When deciding on initiatives to increase our impact on these SDGs, we have defined three requirements:

1. We need to ‘do the right thing’, meaning any sustainability initiative has to contribute to achieving the SDGs
2. Sustainability initiatives need to align with the expectations of our valued stakeholders
3. Sustainability initiatives must be feasible from an operational perspective

The SDGs will continue to guide us going forward. This year we have developed new 2025 sustainability goals to chart the course for the next years within the SDGs where we can have most impact, translating them into three focus areas: climate change, sustainable products and packaging, and health (see our 2025 goals on page 21).

Due to the nature of our products, GN Audio has a bigger environmental footprint in terms of material use and carbon emissions, which is why this division is taking the lead on the goals in the environmental area, whereas GN Hearing takes the lead on the health goals.



INDIVIDUALIZED
CUSTOMER EXPERIENCE



INNOVATION LEADERSHIP



COMMERCIAL &
ECOSYSTEM EXCELLENCE



Engagement
& focus



Lean
& efficient

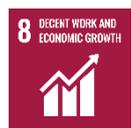


Sustainability

Where GN has lasting impact

We are committed to real impact that benefits society, and the Sustainable Development Goals (SDGs) help us chart our sustainability course. We mapped our value chain against the SDGs in order to establish the six most relevant SDGs for GN. Other SDGs, such as SDGs 4 and 16, are also relevant to GN to varying degrees. For all SDGs, our guiding principle is to support the achievement of these goals where GN has a role to play, either by minimizing our negative impact or by maximizing our positive impact.

Our commitment to the Sustainable Development Goals

| | | |
|---|--|--|
|  | <p>3 GOOD HEALTH AND WELL-BEING</p> <p>ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL</p> | <p>Our products make life sound better, which helps our users lead a healthier and happier life. In our operations we drive a culture of health and safety and avoid negative impact on health by complying with chemical and hazardous substance regulations.</p> |
|  | <p>5 GENDER EQUALITY</p> <p>ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS</p> | <p>By driving a culture of diversity and inclusion in our recruitment, employee development and internal networks, we strive to empower underrepresented groups in leadership positions and across GN.</p> |
|  | <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>PROMOTE SUSTAINABLE ECONOMIC GROWTH AND DECENT WORK FOR ALL</p> | <p>Driven by our commitment to UN Global Compact, we set high internal standards and audit suppliers to ensure human and labor rights are protected at all times.</p> |
|  | <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>PROMOTE SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION</p> | <p>The dynamic industries in which we operate drive us to develop products and services on the leading edge of innovation that meet society’s current and future needs.</p> |
|  | <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS</p> | <p>We do business the right way. Through our policies and due diligence processes in, for example, conflict minerals, responsible sourcing, and business ethics, we set high standards across our value chain.</p> |
|  | <p>13 CLIMATE ACTION</p> <p>TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS</p> | <p>We help our customers make climate-friendly choices through our remote collaboration solutions. Through our climate goals, we strive to reduce our own carbon footprint too.</p> |

Making Life Sound Better

GN's purpose is Making Life Sound Better. We believe in the power of sound to transform people's lives, and through our intelligent solutions we enable people to Hear More, Do More and Be More than they ever thought possible



As a company with unique hearing, audio, and video capabilities, GN is strongly positioned to improve people's quality of life and enable them to control their own soundscape in an increasingly busy and noisy world.

Since its inauguration 150 years ago, GN has utilized technological innovation to facilitate and enhance communication between people. Today, our focus is on helping people with hearing loss live life as unimpededly as possible, and on assisting professionals and consumers with state-of-the-art headset and video collaboration solutions.

GN's legacy of producing world-first sound solutions and pioneering advancements in hearing technology include:

1. 6th generation 2.4 GHz technology in hearing aids for direct connectivity;
2. Binaural Directionality for leading natural sound;
3. the world's first Made for Apple hearing aid with direct stereo sound streaming;
4. the world's first cloud-based remote fine-tuning solution, now with live video consultation capability; and
5. the world's first hearing aid with a microphone and receiver in the ear.

Helping 9 million people with hearing loss

Our purpose is making life sound better, and we are very pleased that our hearing solutions transform the lives of around 9 million people with hearing loss around the world. People with hearing loss are at the heart of what we do, and it is our ambition to reach as many people as possible with our life-changing hearing solutions. We work to break down stigmas around hearing loss and create awareness of the benefits of early treatment, as we develop the world's most advanced hearing aids at the forefront of innovation.

Staying safe and healthy by talking and working remotely

GN's professional headset, speakerphone and video collaboration solutions are engineered to help businesses be even more productive by enabling users to better concentrate, communicate and collaborate, and to make conversation easier. The importance of effective solutions for remote offices and hybrid learning environments truly came to the fore in 2020, when employees and students in most parts of the world were required to work and study from home due to the coronavirus. GN's audio and video solutions enabling concentration without distraction and reliable remote collaboration proved vital for countless leaders, employees, teachers, and students.



Jabra SmartSound, GN's artificial intelligence technology in Jabra Elite 85h, helps users manage their own soundscapes.

Our unique portfolio of medical, professional and consumer audio and video solutions – and the deep research and development expertise behind this range of products – gives our brands unprecedented advantages in the med-tech, hearables and intelligent audio and video field.

A life without limits: Eric Jackson's story

In 2020, ReSound teamed up with Eric Jackson, a world champion athlete and entrepreneur, to promote the treatment of hearing loss. There are currently around 466 million people with disabling hearing loss worldwide, yet hearing loss is a vastly undertreated condition. Helping people who are hard of hearing overcome every type of hearing loss and celebrating their unique stories is the driving force at the heart of GN.

Eric manages degenerative hearing loss stemming from complications of scarlet fever as a child. He has worn hearing aids most of his life and has not let hearing loss slow him down. Eric holds the title of the most successful freestyle kayaker in the history of the sport and has coached almost every gold medal winner in freestyle kayaking over the past 15 years. Eric is also a competitive fisherman, entrepreneur and founder of his own kayak and watercraft business.

“I am excited to join the ReSound family because they have a long history of helping others through innovation,” Eric says. “ReSound is committed to the hearing impaired in a refreshing way, with a unique outreach program that helps those who can be helped with hearing devices to get the information and motivation to take the first step.”

Intelligent solutions to manage your personal soundscape

GN's audio solutions help people block out unwanted noise and communicate seamlessly, whether in the office, home of office, exercising, or on-the-go.

Jabra SmartSound, GN's artificial intelligence technology in Jabra Elite 85h, is just one such innovation which helps users manage their own soundscapes, focused and stress-free.

Jabra SmartSound is based on our partner audEERING's context intelligence technology, which uses real-time acoustic scene analysis of environmental sounds. The technology can detect more than 6,000 unique sound characteristics and uses this to adapt audio output to each specific context. This means that when moving from a noisy train station into a quiet train carriage, the context intelligence technology will take notice and the headphones will automatically adjust the audio settings (like ANC, HearThrough, etc.) to the changed surroundings, creating a seamless user experience.

Research collaboration drives better hearing rehabilitation

To help improve hearing rehabilitation in Denmark and beyond through evidence-based innovation of clinical guidelines and policies, GN contributes to the Better Hearing Rehabilitation project (BEAR).

The five-year project is progressing steadily and provides valuable insights that are being applied in new regulations for hearing health care in Denmark. Most of the activities are centered around two universities where a large number of PhD students acquire a strong competence base in the field of audiology. For more information, see bear-hearing.dk



Eric Jackson, a champion freestyle kayaker and ReSound hearing aid user, does not let hearing loss limit him.

Influencer's hairstyles to show off hearing aids

Jessica Kellgren-Fozard is an English YouTuber whose videos about vintage lifestyle, fashion, disability and LGBTQ+ awareness are shared with her almost 800,000 subscribers.

Jessica lives with a rare condition affecting her nerves and connective tissue called Hereditary Neuropathy, which has resulted in hearing loss. In her teenage years Jessica realized she was losing her hearing due to nerve damage, which is when she started wearing hearing aids, later teaching herself to communicate using sign language.

As an adult, Jessica has sought to drive awareness of hearing loss. For Jessica, her disabilities and her hearing loss are a part of her, and she sees her videos as a powerful way to break down misconceptions and change people's assumptions about what hearing loss and disability mean. Through her Instagram videos such as "Hairstyles to show off hearing aids" and her first fitting with ReSound ONE, where she experiences the joy of birdsong and music from her favorite pop artist, Jessica breaks down stigmas and illuminates the value that hearing aids add to everyday life.



Jessica's Instagram encourages hearing aid users to be proud of their aids, by sharing tips on hairstyles to show off hearing aids

The first deaf person to row across the Atlantic Ocean

Meet Mo O'Brien, who truly lives a life without limits. Determined to not let her hearing loss limit her, Mo and her teammates in the Oarsome Foursome completed the grueling Talisker Whisky Atlantic Challenge in January 2020, with the sponsorship of ReSound throughout the race. After 49 days at sea, Mo sailed into the history books, becoming the first deaf person to row across the Atlantic Ocean. The team is recognized in the Guinness World Records 2021 as the fastest ever trio to row across the Atlantic.

"I'm so immensely proud that I've achieved this extremely hard challenge," said Mo, who wears ReSound ENZO Q hearing aids. "Out on the ocean, it was incredibly helpful that my hearing aids enabled me to focus on rowing and communicating, day and night, and I could relax with music, without feeling limited by my hearing loss."

With her super-powered hearing solution, Mo was able to hear sounds clearly in every direction, get a true sense of space, filter out background noise in all weather, and better communicate with her teammates.

Mo has been awarded "Citizen of the year" in her hometown. In addition to the achievement of completing the challenge, the team has raised an incredible £68,000 for charity.



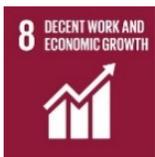
Mo and her teammates at the finish line

2025 goals

- Help 10 million+ people Hear More, Do More and Be More by making world-class hearing instruments
- Raise awareness of hearing loss and break down stigmas
- Prevent stress and hearing loss through new health functionalities in our products
- Continue to support unmet hearing health needs through donations and capacity-building in local partnerships and supported by the GN Foundation and Beltone Hearing Care Foundation

Doing business the right way

We have anchored our commitment to the principles of responsible business in our Code of Conduct and supporting policies. We strive to ensure that human rights are safeguarded across our value chain at all times, which includes using no conflict minerals in our products. In our dealings with third parties, we set high standards and ensure compliance through thorough due diligence



Human rights in our supply chain

Through our commitment to the UN Global Compact, we are committed to eradicating human rights issues across our operations and supply chain. To ensure human rights are safeguarded at all times in all parts of our value chain, we have embedded these requirements in our Codes of Conduct. Potential risks lie mostly in human rights relating to working conditions in our supply chain.

We actively audit for violations through our CSR supplier questionnaires to all our tier 1 and key tier 2 suppliers. The audits are based on the UN Global Compact principles of responsible business as well as the SA8000 standard.

In 2020, we conducted 23 CSR audits in GN Audio and 16 CSR audits in GN Hearing. Due to the COVID-19 pandemic, we were limited in our ability to do on-site audits. Through these audits, we found issues related to working conditions and occupational health and safety. All issues and non-compliance cases identified were resolved immediately. In 2021, we will continue to set the highest standard of responsibility for our suppliers.

Conflict Minerals Due Diligence

Our products contain tantalum, tin, tungsten, and gold. If these minerals originate from mines controlled by military groups in conflict regions, such as the Democratic Republic of Congo and nine adjacent countries, they are also known as conflict minerals. As stipulated in our Conflict Minerals Policy, GN does not want to use conflict minerals. In practice this means:

- GN requires its suppliers to exclude conflict minerals from GN products
- GN requires suppliers to comply with our Code of Conduct
- GN is using the five-step due diligence guidance laid out by OECD for establishing our due diligence process. Consequently, GN has put in place an audit program where proof of compliance will be required from suppliers that conflict minerals are procured only from smelters and refiners that have been found to be compliant with the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI).



By the end of 2020, GN received the requested information from 97% of its relevant suppliers regarding smelters and refiners used in their supply chains. We have an escalation process in place for non-conformity, which can ultimately lead to suppliers being excluded. Supported by a third-party provider of smelter validation services, ongoing work has been carried out during 2020 towards validating and ensuring that the identified smelters used by our suppliers are conflict-free. No suppliers were excluded in 2020. To strengthen our efforts in the area, GN is a member of the Responsible Minerals Initiative.

Business ethics

Policy management and compliance training

GN's commitment to business ethics and compliance with international regulations and internal policies is anchored in our Ethics Guide, anti-corruption policies, our Supplier Codes of Conduct and other policies and guidelines. These outline the fundamental requirements for how GN operates and describe the responsibilities and ethical standards expected of all employees and relevant business partners.

To ensure and document that employees are always familiar with our Ethics Guide and other key policies, relevant employees have to electronically sign off on their compliance within specific areas and on a regular basis take GN's e-learning courses within key topics, such as anti-corruption and competition compliance. Each year this is supplemented with tailored compliance training for selected business units or groups of employees.

Anti-corruption compliance reviews

As a regular part of our global anti-corruption compliance program, we each year conduct a number of compliance reviews of selected GN subsidiaries or business units around the world. The main objective is to identify and assess relevant risk areas and to make sure that adequate controls are in place to ensure compliance with applicable legislation and GN policies. The selection of subsidiaries or business units for compliance reviews is based on an annual country risk assessment consisting of defined risk indicators.

Third-party due diligence

Our aspiration is that all our business partners acknowledge our values and share our commitment to conducting business in an ethical manner. In 2020, GN took further steps to enhance the process for assessing and managing corruption risks associated with third-party business partners in selected high-risk countries. The evaluation of third parties involves self-assessment questionnaires and due diligence screenings focusing on the potential reputational and legal risks associated with the business relationship.

Whistleblower system

GN's whistleblower hotline, the GN Alertline, is available in 27 countries and 24 languages and is independently managed by a third party. The hotline can be used by employees as well as external parties to report a concern or perceived misconduct. Access to reporting and additional details about the hotline can be found here: www.gn.com/Alertline.

The system is an important tool for ensuring that alleged illegal or unethical conduct is reported and immediately addressed. All complaints are treated with the needed confidentiality, and GN is committed to dealing with any employee who takes action and/or participates in an investigation in a fair and respectful manner. This is emphasized in the GN non-retaliation policy signed by Executive Management.

In 2020, 14 concerns were reported through the GN whistleblower system. The allegations were primarily related to inappropriate behavior, harassment/bullying, conflicts of interest, and COVID-19 precaution violations. All relevant cases have been investigated and appropriate remedying as well as disciplinary actions were taken where relevant.

More details on GN's compliance efforts and policies can be found via www.gn.com/Documents.

Occupational health and safety

Although the main risks in terms of occupational health and safety occur in our manufacturing sites, we proactively work to create a safe and healthy workplace at all our sites. To create a culture of health and safety, all locations have an occupational health and safety management setup which strives to prevent accidents through tools like training, Gemba walks and committees that evaluate minor accidents and implement necessary changes. Our GN Hearing manufacturing site in Malaysia and our GN Audio repair center in Xiamen, China are ISO45001 certified. We will evaluate getting more sites certified in 2021.

Data privacy

As stipulated in our Privacy Policy, we are committed to protecting personal data belonging to customers, users, and employees. In 2020, we have continued to refine our implementation of EU's General Data Protection Regulation (GDPR). The principles of GDPR are continuously implemented in our digital systems and processes and our ongoing development. By committing specialist data protection resources, we continuously work to ensure that our processes are GDPR compliant. On top of this, we create awareness internally through compulsory e-learning on data protection for relevant employees. In 2021, we will continue to strengthen data protection to provide the best consumer experience in a trustworthy and secure way.



Engaged and focused people

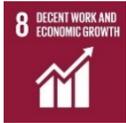
Engaged and focused employees are a key enabler of GN's 2020 and beyond strategy. We want to nurture an organization with skilled and highly engaged people who will execute on our strategy and win in the market



Equal opportunity for all

Competencies and diversity of the Board of Directors and Executive Management (§107d)

GN's Board of Directors strives to recruit board members with a diverse range of mutually complementary competencies. When the Board of Directors proposes new board members, a CV, as well as a thorough description of the candidate's qualifications, will be available to the shareholders.



GN is a global company and to successfully develop and maintain this position in the marketplace, GN is dependent upon global expertise and experience. The Board of Directors is a diverse group in terms of global experience, functional competencies, and industry background, which ensures that it can fulfill its obligations. Board members possess expertise within med-tech, innovation, product development, digitalization, online marketing, and commercialization, as well as thorough understanding of financial and human resource matters and in-depth knowledge of GN's business.

The composition of the Board of Directors is a mix of members with executive positions and professional board members of both genders and diverse nationalities. This composition is deemed to provide a good balance between knowledge, competencies, experience, and availability for a substantial workload.

The Board of Directors assesses the work and results of the Executive Management on an ongoing basis as an integrated and natural part of their regular meetings. In the beginning of every year, the Board establishes performance plans with specific KPIs for each member of the Executive Management. The Board assesses the performance of the Executive Management and its execution of the agreed KPIs on an ongoing basis during the year and formally at the end of the year. The Board also evaluates on an ongoing basis the structure and composition of the Executive Management in light of competencies and execution of the company's strategy. At the year-end assessment of Executive Management, the Chairman of the Board is having individual performance evaluation meetings with each member of the Executive Management. In addition, the work of the Executive Management is also assessed as an integrated part of the Board's own annual self-evaluation, ensuring that the Executive Management's work is evaluated in accordance with pre-defined criteria.

The annual self-evaluation process covers the contributions of each individual Board member as well as the achievements of the Board as a whole and of the Board committees. The self-evaluation process secures a structured and systematic approach for the assessment of the Board's work and is led by the Chairman of the Board. The process also includes an assessment of other management positions that each Board and Executive member holds and assesses potential overboarding issues. The company subscribes to the concept of "non-overboarding" and, therefore, carefully considers the workload and other requirements such other management positions may impose on each individual Board or Executive member.

The general conclusions and further detailed information on the Board's self-evaluation process are included in the 2020 Annual Report and also published on the company's corporate website: www.gn.com/BoardEvaluation.

Diversity and talent management (§99b)

Board of Directors

The Board of Directors firmly believes that diversity strengthens any governing body and acknowledges the importance of diversity in general, including diversity of gender, nationality, and competencies.

At the 2020 Annual General Meeting, the Board of Directors was expanded from five to seven shareholder-elected members. Of the current seven members, four are women. Already in 2018, the Board reached its diversity target of 50% of its members being women.

Senior management

GN's current diversity focus is to advance stronger international representation and gender diversity in our senior management, the Global Management Teams (GMT) in GN Audio and GN Hearing. By the end of 2020, GN Hearing's GMT comprised 18% female leaders and 36% non-Danes. GN Audio's GMT comprised 14% female leaders and 64% non-Danes.

When GN's diversity policy was established in 2014, women filled 14% of the company's senior management positions. As a result of dedicated efforts women by the end of 2020 filled 21% of senior management positions across the GN Group. By 2025, we aim to have above 25% women in senior management positions.



GN's 2020 graduates represent a diversity of nationalities, including graduates from far away like India, Canada, and Portugal.

GN will continue to strengthen efforts to build a pipeline of future female candidates for senior positions. We have a constant focus to ensure that we attract female candidates for both internal job rotations and for new positions. By the end of 2020, 43% of the newly appointed members of senior management were women.

Furthermore, to achieve our goals, we ensure that diversity – encompassing gender, nationality, competencies, etc. – is an integral part of GN's yearly talent review and succession planning process, of talent development practices, recruitment procedures and leadership development programs.

Finally, the wording and visual identity in recruitment activities on social media and other channels are continuously designed to best attract female candidates and encourage diversity. When external recruiters or headhunters are used, GN requires that viable female candidates are presented for any position.

GN's diversity policy is available here:
www.gn.com/DiversityPolicy

Talent development at all levels

GN's HR strategy provides the foundation for successfully building strong leadership and talent across the organization to meet our objectives.

During 2020, we further strengthened our talent acquisition team to increase in-house search capability and complement rigorous talent review and succession planning. Recent years' increased focus on talent management resulted in several internal recruitments for Executive Management and Global Management Team positions.

GN's strategic leadership development program was postponed in 2020 due to COVID-19 but will restart in 2021. Leadership development will be further strengthened with programs for new leaders and for virtual leadership.

A job catalogue with clear career paths for employees was introduced and a reward framework that enables GN to attract and retain the right talent at the right cost will be deployed in 2021. GN will actively take steps to address mental wellbeing for employees to mitigate negative effects from remote working over prolonged time.

Finally, a new employee engagement survey tool was introduced across the GN Group in 2020. Going forward, GN will seek valuable feedback from all our employees twice a year ensuring that we actively can take appropriate actions to continuously maintain a highly engaged organization.

Safety and support during the pandemic

Like everywhere else in the world, the COVID-19 pandemic overshadowed everything else in 2020 for GN and our employees. At GN, we were impacted early on, when a contract security guard at GN Hearing's manufacturing site in China was infected in late January. From that moment on, GN has placed the highest priority on ensuring our company and our employees come through this pandemic safely and in good health. From day one, our priority was to protect people's health and livelihoods, and ensure business continuity in a world that was gradually locking down.

Safeguarding our employees' safety, health, and wellbeing

Driven by a global taskforce headed by Executive Management and involving key support functions, GN proactively responded to new government requirements in all regions throughout the COVID-19 pandemic and continues to do so. In practice this means GN closes offices and sites promptly when required. When it is possible to work on-site according to government guidelines, GN takes a cautious approach, encouraging working from home for non-critical staff. Where offices and sites are open, we make protective equipment and hand sanitizers available, adapting physical working arrangements, thorough cleaning and adjusting canteen processes to minimize the risk of infection. When infections occur, GN follows strict protocols and immediately executes track-and-trace procedures of potentially exposed employees.

The COVID-19 pandemic has accelerated GN's focus on offering flexible working arrangements to support a healthy work-life balance. Going forward, new flexible work habits will further strengthen GN's resilience to events such as COVID-19, while also facilitating employees' personal preferences in terms of their work arrangements.

Equipping classrooms for remote learning

In a time when staying home means staying safe, having the right technology is crucial. GN Audio's audio and video solutions help people across the world stay connected, whether at the home office, remote classroom, or on the hospital frontline. In 2020, GN Audio solutions equipped more than 10,000 classrooms in North America for hybrid and remote learning. The combination of Jabra Speak and Jabra PanaCast enables a 180-degree view, including everyone in the conversation even if they are spread out across the room to maintain social distancing. With a view of the entire classroom, every student gets a front row experience and can see the teacher's instructional environment without missing out on nonverbal cues. For lessons that require more in-depth instruction, the Intelligent Zoom feature can automatically adjust the



Jabra PanaCast and Jabra Speak supported teachers and students in remote and hybrid learning environments

frame to focus only on the teacher or whoever is talking at the time.

Supporting communities in need

Early in the pandemic, when China was most heavily affected, GN donated DKK 1 million for medical equipment for four hospitals in the Hubei province in China. At the time certain medical equipment was in very short supply, but the GN coronavirus taskforce was successful in procuring masks, protective suits and goggles, medical gloves, ventilators, hydrocolloid dressing and other medical equipment from the United States, Denmark, and China. The four hospitals that received the donation from GN were Huanggang central hospital, the central hospital of Wuhan, Wuhan Tongji hospital and Wuhan No 1 hospital. GN continues to assess how we can best assist communities beyond our own business with targeted support. See more in "Company and grassroots support" on page 22.



A doctor at a hospital in Hubei province receiving medical equipment and supplies donated by GN

Calling all innovators

A new initiative launched in 2020, the GN Audio Innovation Challenge, called on GN employees to submit and mature their creative ideas for the sustainable future of the company

We believe that great ideas can come from anywhere in the organization. As GN moves towards a more sustainable future together as a company, we realize that we have the highest potential to reach our goals through the ideas and creativity of every person.

In 2020, GN Audio launched the first in a series of new innovation challenges, enabling anyone across the company to fuel our future of innovation with their ideas and vision.

The 2020 challenge took up the theme of sustainability, aiming to collectively explore new frontiers in purposeful innovation which create sustainable growth and can have real impact in the lives of our current and future customers.

The global competition picked the brains of our highly skilled employees to find the next big idea that can help us make our

products, services, and processes more sustainable. As we saw from the 155 submissions received, the challenge also helped engage GN Audio employees on a topic that many are passionate about, thereby strengthening a culture of sustainability and innovation across our company.

Many participants teamed up virtually to bring their solutions to life and benefited from coaching from internal experts and at collaboration workshops. The most promising ideas were pitched to a judging panel, comprised of senior leaders across GN Audio, in a virtual final. The prize for the winning idea is a commitment to try to bring the innovation to life in GN Audio's business. In addition, all ideas have been added to a sustainability catalogue for future use to help push the sustainability agenda across GN.



Employees refining ideas at one of the collaboration workshops during the GN Audio Innovation Challenge

Sustainable products and packaging



Our products are uniquely designed to improve the quality of life. By Making Life Sound Better and improving hearing and health, our products allow you to Hear More, Do More and Be More. Our audio and video products support remote collaboration for our users as virtual meetings are sustainable meetings because they do not require travel. In other words, our products have a positive impact on society.

At the same time, there are potential social and environmental risks throughout the life cycle of our products, from the extraction of raw materials, manufacturing, distribution, the use phase and to the end of life. To address these risks, we strive for our products and packaging to be designed, manufactured and distributed in the most sustainable way.

Safe products

We make no compromises when it comes to the safety of our users. To ensure our products do not contain hazardous and harmful materials, in 2020 we complied with the European Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations, as well as various regional regulations. In 2020, GN Hearing conducted biological evaluations of all new products according to ISO 10993-1:2018 as is required. This means the hearing device is tested to evaluate the interaction with tissue, cells or body fluids of the user.

We continuously monitor regulatory changes and adjust internal processes accordingly. GN’s hearing products are developed under a highly regulated quality system complying with ISO 13485 and FDA 21CFR 820 CGMP, as well as other national standards.

Sustainable products

In 2020, we continued to integrate sustainability into product development processes. Supported by our 2025 sustainability goals, we consider sustainability when deciding what materials we use to make our products; when we make design choices to optimize repairability, disassembly and recycling;

when we develop solutions to minimize the energy our products consume in the use phase; and when we develop packaging. We also consider sustainability when we build a manufacturing and distribution setup aimed at minimizing our carbon footprint, and when we develop take-back schemes, repair and refurbishment infrastructures to support the transition towards a circular economy where our products or their components get a second life. Our approach is data-driven. We use product-level life cycle assessments (LCAs) in order to focus on the dimensions where we can maximize sustainable impact, which can differ from product to product. As mentioned, GN Audio has a bigger environmental footprint related to products, which is why this division initially takes the lead in this area.

Through our products we want to contribute to an economy based on circular and sustainable use of materials. Integrating sustainability more deeply into our product development processes is a priority for GN for the coming years.



Jabra Elite 85t packaging is 38% smaller and 33% lighter than its predecessor, the Jabra Elite 75t. Read more on page 18.

Six dimensions of sustainable products and packaging

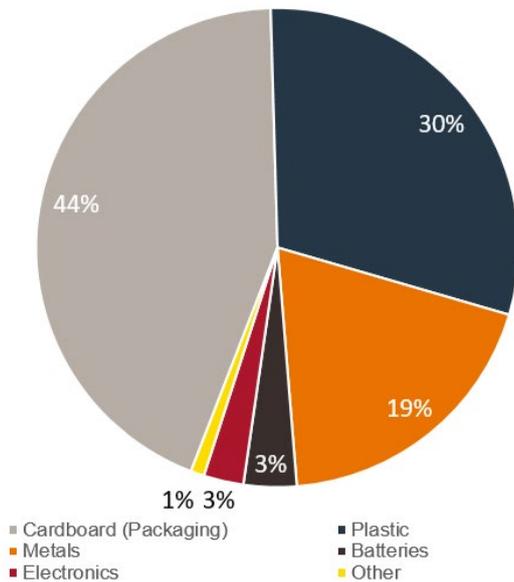
1. Sustainable materials

Our products contain plastics, metals, fabrics, electronics, and batteries. We seek sustainable material alternatives that are either recycled or bio-based, focusing initially on plastics, metals, and fabrics, for which sustainable alternatives are increasingly available. For all sustainable materials, we require evidence of suppliers that from a life cycle perspective the materials are more environmentally friendly than virgin alternatives.

In 2020, we continued investigating a wide range of potentially suitable sustainable material candidates to be used in future products in GN Audio, assessing both recycled plastics (PCRs) and bio-based plastics. We use LCAs to confirm any alternatives are more sustainable than virgin plastics.

By 2025, we want to use at least 50% sustainable materials in new products. As materials are often blends of virgin and either recycled or bio-based content, we measure this as the actual sustainable content as part of the total weight of raw materials.

Distribution of GN's estimated material use by weight



2. Repairability and durability

Our products are of high quality and designed to last. Both for repairing purposes and easy disassembly in the case of recycling, we want to optimize repairability of products without compromising robustness and durability.

In 2020, we continued developing repairability requirements for all new products in GN Audio.



3. Energy efficiency

The amount of energy our products use is a significant part of their total environmental footprint. We strive to make our products as energy efficient as possible.

In 2020, we continued developing energy efficiency requirements for all new products in GN Audio.

4. Packaging

To make our packaging more sustainable, we consider filling degree, reducing plastic, responsibly sourced material, and water-based ink whenever we design a new packaging.

In 2020, we launched two very sustainable packs in GN Audio (see page 18) and set our long-term sustainable packaging goals for both GN's divisions.

By 2025, we want all our packaging across all GN's divisions to be sustainable, by dramatically reducing the use of plastic, minimizing size and weight, and using FSC certified cardboard and paper. By dramatically reducing the use of plastic we mean we will only use plastic if it is unavoidable (for example to ensure product safety) or when using plastic for a specific application is more sustainable than the alternatives.

5. Recycling and refurbishing

As a manufacturer of a large number of products, we have a role to play in building a more circular and sustainable economy, in which products or components of products at the end of life are made into new products. In practice, for GN that means we want to find ways to get hold of products at the end of life, for example through our growing number of take-back schemes, and repair, refurbish or recycle them.

In 2020, we launched a new take-back scheme in EMEA for consumer products in GN Audio, making it possible for our users to return their old products to us so that we can make sure they are recycled properly. We have also expanded our refurbishment volumes across GN. In GN Audio we have financed the recycling of 4,864 tons of e-waste, comprising electronic devices (3,023 tons), packaging (1,755 tons) and batteries (86 tons).

By 2025, we want to give more products a second life through repair or refurbishment.

6. Production and distribution

Finally, we want to ensure we minimize the environmental footprint of producing our product and shipping it to our users through our climate strategy, and by working with our operational partners on optimization in distribution and clean manufacturing. See ‘Sustainable operations’ on page 19.

Rechargeable batteries in hearing aids is the new sustainable standard

The production of batteries requires the extraction of non-renewable natural resources, whilst incorrectly scrapping

batteries at the end of life carries the risk of pollution and acidification in nature. By offering a rechargeable battery option, our ReSound LiNX Quattro and ReSound ONE hearing aids offer a sustainable solution. As the rechargeable batteries are expected to last the full lifetime of the product, we reduce the number of batteries our users require per hearing aid to one, preventing the production of a significant number of batteries in the process.

2025 goals

- Use 50% sustainable materials in all new products
- 100% sustainable packaging (minimal plastic, small size, FSC)
- Expand take-back schemes to all relevant products and regions
- Give more products a second life through repair or refurbishment



By offering a rechargeable battery option, our ReSound ONE (pictured) and ReSound LiNX Quattro hearing aids offer a sustainable solution

Smart sustainable packaging

In 2020 we took further steps on our journey to making our packaging truly sustainable with the sustainable Jabra Evolve2 and Jabra Elite 85t packs



Compact packaging: less is more

The most straightforward way to make packaging more sustainable is by making it smaller and lighter, meaning we need less raw material and ship less air. Our new Jabra Elite 85t earbuds packaging sets the new standard in this regard. It is 38% smaller and 33% lighter than the packaging of its predecessor, the Jabra Elite 75t. Going forward, we will investigate ways to not only reduce packaging in size, but also remove outer packaging where possible.



FSC Certification as our new standard

In line with our 2025 goal, new packaging across GN will also come stamped with an FSC Certification label, referring to the responsible sourcing of all materials obtained from forests.

This also ensures proper working conditions to those working in the forests, as well as no animal displacement. We are also moving to water and soy-based ink as a standard in our packaging

Dramatically reduce the use of plastic

In line with our 2025 goal, by dramatically reducing the use of plastic we decrease raw material use and improve recyclability. Dramatically reducing the use of plastic means we will only use plastic if it is unavoidable (for example to ensure

product safety) or when using plastic for a specific application is more sustainable than the alternatives.

Making an impact

In November 2020, we were recognized by the 50th Creativity International Design Awards for our commitment to sustainable packaging solutions. We won two bronze awards for the Evolve2 packaging in the Eco-Friendly or Sustainable Design Electronics Packaging categories. The jury stated that the enticing, yet minimalistic design of the package was made possible due to a smaller and more eco-friendly package.



With our 2025 goal to use truly sustainable packaging across GN, going forward, we aim to intensify our focus on sustainability in packaging for all GN products.

Sustainable operations

To ensure we run our company in a way that is environmentally responsible, we focus on reducing our carbon footprint. We also continuously strive to minimize our energy and water use and reduce waste



Carbon emissions

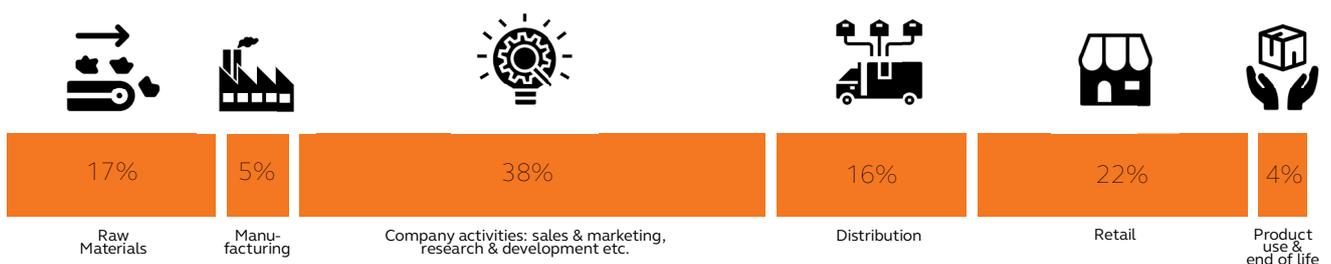
The science is clear: climate change is the major environmental challenge of our time. As a globally operating company, we have a role to play in addressing this issue. Beyond developing solutions that help our users choose remote collaboration over carbon emitting travel, we also want to significantly reduce the negative climate impact of our operations. To support this ambition, in 2020 we completed a mapping of our carbon footprint across our full value chain based on 2019 data, using the three ‘scopes’ as defined by the Greenhouse Gas Protocol to get the full picture. These ‘scopes’ have been developed to help companies divide their footprint in terms of the extent to which they are directly responsible for the emissions, where scope 1 and 2 are within the direct influence of a company, and scope 3 emissions are more indirectly linked to the activities of a company. The table below shows what the



different scopes cover for GN. The graphic below shows the carbon footprint across our value chain. A few key considerations:

- The carbon footprint relating to our headset and video division (GN Audio) is estimated at around 55% of our total footprint, largely due to higher raw materials and distribution footprints as a result of producing larger and more products.
- The carbon footprint relating to our hearing aid division (GN Hearing) is estimated at around 45% of the total. It has significantly more employees, meaning their share of ‘company activities’ footprint is larger.
- We cannot reduce each element of our footprint equally without fundamentally changing our company and in our climate goals we focus on areas where we have the most and fastest impact

Our carbon footprint across our value chain



Our **Scope 1 emissions** (est. 644 tonne CO₂-eq based on 2020 baseline) include fuel consumed by vehicles directly used by company personnel and natural gas use at own sites. These emissions are part of ‘Company activities’ and ‘Manufacturing’ in the graphic above.

Our **Scope 2 emissions** (est. 11,132 tonne CO₂-eq based on 2020 baseline), include energy purchases for our owned sites, mainly in China, followed by Denmark and Malaysia. These emissions are part of ‘Manufacturing and ‘Company activities’

Our **Scope 3 emissions** (est. 447,811 tonne CO₂-eq based on 2019 baseline), include the sourcing of raw materials, (outsourced) manufacturing, distribution, company activities (such as R&D, sales & marketing, company air travel), product retail, product use and product end-of-life. These emissions are part of all categories

Carbon emissions

The 2019 carbon baseline helps us understand how we can most effectively reduce our carbon footprint and serves as a baseline for the climate goals we set this year. See page 21 for more details on our climate goals.

Commitment to further climate transparency and goals

We strive to continuously improve the specificity of our climate data and report accordingly. In 2021, we will commit to further transparency and goal-setting around our climate performance.

On Scope 3 emissions we will continue to diligently work with partners throughout the whole supply chain to reduce emissions, as will other players in our and other industries.

- In 2021 we will assess how we can align our climate goals with the Science Based Targets Initiative in order to ensure our climate change performance is compatible with limiting global warming to 1.5° C. This means we will also set specific targets for Scope 3 emissions, where, in addition to our goal to halve the carbon footprint of employee air travel, we see most potential to reduce our footprint by amongst others optimizing manufacturing and distribution and through our ambition to make more sustainable products and packaging.
- In 2021, we will become signatory to the Taskforce for Climate-Related Financial Disclosures (TCFD) applying the recommendations and disclose on this in our 2021 annual reporting.
- In 2021, we will report to the Carbon Disclosure Project (CDP).

Energy efficiency

In 2020, we have continued our focus on reducing energy consumption at our manufacturing facilities. We have implemented energy efficient solutions, such as converting to LED lights, motion sensors, reusing excess heat, building insulation, solar panels, and conducting training for relevant employees in energy efficient processes.

Reducing waste

Most of GN's waste is very small in quantity and our manufacturing facilities use licensed disposal contractors that remove any waste and properly dispose of it. Waste may include plastic, chemicals, paint, scrap parts, etc. Some waste is reused (e.g. boxes and plastic) via recycling operations managed by external companies. Other waste, such as electronics, is processed to allow other companies to reclaim and reuse materials, where possible.

In Europe, we finance recycling through our contributions to e-waste collection and recycling infrastructure through local recycling partners in accordance with the WEEE directive. In 2020, GN Audio financed the recycling of 4,864 tons of e-waste. As we continue to grow, we expect this volume to increase further over the coming years.

Water consumption

Water consumption at GN's manufacturing facilities is very limited and primarily used for sanitation purposes. Initiatives to reduce water consumption include daily monitoring of water use, storm water collection and using autostop water. For further environmental data, see the Appendix 2.



ISO 14001

In 2020, our GN Hearing manufacturing site in Malaysia was ISO 14001 certified, adding to GN Audio's repair center in China which was already certified. In 2021, we aim to get more sites certified.

Sustainable operations in GN Audio

In 2020, GN Audio launched a new operational strategy that will not only strengthen the resilience and scalability of GN Audio's rapidly growing manufacturing and distribution setup, but also significantly reduce our carbon footprint.

The carbon reduction is achieved by increased regional manufacturing and packing and optimizing our systems to produce to order rather than to stock. This means we transport components rather than finished products, and consequently reducing the volumes shipped. It also means we produce less waste, since we only build what we actually sell.

2025 sustainability goals

GN's 2025 sustainability goals build upon our long commitment to make real and lasting impact. Inspired by the Sustainable Development Goals, our goals focus on three priority areas where we believe we can make the greatest impact

1. Protecting our planet

The science is clear: climate change is the major environmental challenge of our time. As a company that operates globally, we have a role to play in addressing this issue. Beyond developing solutions that help our users choose remote collaboration over carbon-emitting travel, this means we want to significantly reduce the negative climate impact of our activities.

2025 goals

As we are most directly responsible for Scope 1 and 2 emissions, we have set an ambitious goal to be climate neutral in these scopes by 2025.

- For Scope 1, this means we aim to transition to a clean car fleet for our leased company vehicles, replacing petrol cars with electric or hybrid cars, and offsetting any remaining emissions.
- For Scope 2, this means that over the following years we aim to move towards renewable energy for all our owned sites, looking for local solutions and partnerships where possible and using renewable energy attribute certifications to offset any remaining emissions.
- In addition, we aim to halve the carbon footprint related to company air travel by 2025, compared to 2019 - relative to the scope of the business and assuming our current business configuration and operating model - to a large degree by maintaining the remote working practices incorporated during 2020. Remote collaboration is core in GN's product offering, and the pandemic has demonstrated to us – and many other companies - that this is feasible and even advantageous in many situations

2. Truly sustainable products and packaging

Our products are uniquely designed to improve people's quality of life, improving hearing and health, and supporting remote, sustainable collaboration. And we also want to make sure that the way our products and packaging are designed, manufactured, and treated at the end of their life minimizes the need for virgin materials and creates opportunities for reuse or recycling of valuable materials. Given the size and volume of GN Audio's products, our efforts on sustainable products are led by GN Audio and will subsequently be adapted across GN.

2025 goals

- By 2025, we aim to use at least 50% sustainable materials in new products, for materials for which sustainable alternatives exist

- Make all our new packaging truly sustainable, by dramatically reducing the use of plastic, minimizing size and weight, and using FSC certified cardboard and paper.
- Expand take-back schemes to all relevant products and regions in GN Audio
- Give more products a second life through repair and refurbishment in GN Audio
- As an enabler, we aim to use sustainable product development requirements for all new products, covering various dimensions. See Sustainable Products and Packaging on page 15 for more details.

3. Improving health and wellbeing through our products

We enable people to live better and more fulfilling lives through the power of our intelligent hearing, audio, and collaboration solutions. Our ambition is to improve the health and well-being of as many people as we can, with special care for unmet needs in the developing world.

2025 goals

- By 2025, we want to help more than 10 million people Hear More, Do More and Be More by making world-class hearing instruments.
- We want to continue to create awareness of hearing loss and break down stigmas
- We aim to help our users prevent stress and hearing loss through new health functionalities in our products
- We aim to continue to support unmet hearing health needs through donations and capacity-building in local partnerships and in collaboration with the GN Foundation and Beltone Hearing Care Foundation

How we aim to get there

To achieve our goals, we aim to continue to make sustainability a key consideration in everything we do, using our existing decision-making structures to effectively drive progress. The Board of Directors and Executive Management make key decisions, while global management teams in the different business divisions are responsible for driving progress with support from global functions.

We aim to continue building a strong culture of sustainability across GN by working in partnerships to achieve our goals, across our business and with our suppliers, business partners and customers. For more detailed information on the goals, see the table on page 30.

Company and grassroots support

GN's core business in hearing and collaboration solutions has a positive impact on millions of lives, but we want to reach even more people. Furthermore, GN employees around the world take initiative to support individuals and communities in need through a range of initiatives. In the following pages are described a few of these examples from 2020



Beltone Hearing Care Foundation

The Beltone Hearing Care Foundation, a 501(c)(3) charitable organization established by GN's hearing aid brand Beltone in 2014, donates hearing instruments to individuals in the US and abroad who may otherwise be unable to access hearing help due to economic, social and geographic barriers or natural disasters.

In 2020, the financial downturn caused by COVID-19 contributed to record numbers of applications for hearing aid donations, and the Foundation was proud to donate 550 hearing instruments in 2020. Since 2014, more than 3,500 hearing aids have been donated. The travel restrictions caused by the coronavirus halted the Foundation's usual international mission activities, where hearing aids are donated to communities in need globally.

"I think these are really amazing. Everything sounds much clearer when people talk. And the app is really helpful if you're out and about"



Heidi Baird was one of the more than 550 recipients of Beltone hearing aids in 2020, made possible through the Beltone Hearing Care Foundation. She is pictured here with her New York-based audiologist Craig A. Chorney

For much of the year, older and vulnerable hearing aid users were prevented from accessing their usual in-clinic hearing care, because many clinics were closed for several months and older populations were advised to stay home. While newer models of hearing aids use rechargeable batteries, many current hearing aids are powered by changeable batteries. To ensure hearing aid users did not miss out receiving the new hearing aid batteries they would normally get from their local hearing care clinic, the Beltone Hearing Care Foundation offered free hearing aid batteries to anyone in the United States who requested them, even if they use other brands of hearing aids. In total, the Foundation donated more than 7,500 batteries in 2020.

ReSound donates USD 1 million worth of hearing aids to those affected by 2020 events

ReSound Gives Sound is a US-based product donation program dedicated to assisting hearing healthcare professionals provide the gift of hearing to those unable to access hearing technology. Since 2014, ReSound US has donated more than 6,400 hearing aids through this program, to help people Hear More, Do More and Be More.

In a year filled with adversity, including natural disasters, financial pressure, and the pandemic, ReSound partnered with hearing care professionals in the US to donate up to USD 1 million worth of hearing aids to those in the US with hearing loss deeply affected by the events of 2020.

ReSound received 150 nominations for donations from hearing care professionals across 37 states, and awarded 268 pairs of ReSound ONE hearing aids to candidates free of charge.

Donation of USD 25,000 on behalf of ReSound customers for National Association for the Deaf

To recognize hearing care professionals for their tireless work this year, as well as in the spirit of the holiday season, ReSound donated USD 25,000 to the National Association of the Deaf (NAD), a nonprofit organization promoting the rights of deaf and hard of hearing people in the US.



Claire was fitted with ReSound LiNX Quattro hearing aids donated by GN Hearing to the Molly Watt Trust

The gift of hearing for people with Usher Syndrome in the UK

GN Hearing UK is proud to support the Molly Watt Trust, a UK charity which raises awareness and support for people with Usher Syndrome. Usher Syndrome is a rare genetic condition that impacts both hearing and sight, and many people with Usher Syndrome are dependent on hearing aids or cochlear implants to communicate. GN Hearing donates ReSound hearing aids to the trust, for people like Claire who live with Usher Syndrome.

Claire, a 31-year old mother who was fitted with ReSound LiNX Quattro in 2020, describes the remarkable difference ReSound’s hearing aids have made to her:

“Immediately I heard conversations behind me and surround sound and I could accurately pinpoint where sounds were coming from, something invaluable to someone with tunnel vision. I felt like a baby hearing familiar sounds but in a totally new way, we went outside and tested traffic, I could hear cars approaching from a distance accurately, again something invaluable for me with my guide dog to keep us safe when walking the streets.”

Hear to Aid and Hear More Academy in Africa

The GN Foundation continued our support for long-term partner the Hear to Aid Foundation and Hear More Academy, founded by former GN Audiologist Dr. Jenny Nesgaard Pedersen, for hearing care projects and capacity building in Africa, particularly in Zimbabwe. However, many of the pop-up clinics planned for 2020 were unable to run due to the impacts of coronavirus.

Jabra Women’s Network raises funds for Friends for Hope

This year the Jabra Women’s Network selected Friends-for-Hope for its 2020 fundraising drive. Friends-for-Hope believes that changing the environment of disadvantaged children through schools offering education, health care, and basic nutrition will break generational cycles of illiteracy and poverty.

Based in Munich, the charity works with Barefoot College and its founder Bunker Roy in India, to support children from underprivileged backgrounds to access Bridge School, which allows them to attain enough basic knowledge to enter the schooling system, regardless of their age. The charity has a particular focus on supporting and educating little girls in an effort to break the cycle of teen marriage. Members of Jabra Women’s Network donated USD 3,000 to the charity in 2020.

100 headsets for remote learning

The US-based Wish Project works with families who sometimes have trouble providing for their family. Many live in small apartments which make it difficult for their children to attend school remotely without being distracted by all the other sounds of a family. Because of this, the Wish Project has received an increasing number of requests from families for headsets to improve the educational experience for their children. In 2020, GN Audio North America was happy to assist by donating 100 headsets.



Karl Bateson, GN Audio, center, delivered 100 headsets to the Wish Project to support better educational experiences for children during remote learning

Jabra supports employees giving back on 3rd annual Day of Giving

Each year GN Audio North America gives its employees a few hours to spend time giving back to the community. While in the past we have put together group outreach activities across the continent, this year the team participated individually in their home and local environments. In 2020, these activities included making holiday cards with their families for local nursing home/veteran hospitals, donating clothes to local charities, donating to Virtual Toys for Tots, buying a gift for a child in need, and volunteering at a local food bank, shelter or animal shelter. Jabra donated USD 25 for every employee who participated, with a total of USD 4,000 donated to St. Jude Children’s Research Hospital, Feed America, NH Food Bank, and Open Pantry of Greater Lowell.



Headsets to lend a helping hand

In addition to the above initiatives, GN Audio North America was glad to donate Jabra and BlueParrott headsets to individuals and communities who can substantially benefit from GN’s collaboration solutions. Whether it is donating headsets to teenagers in low socioeconomic neighborhoods in New York; a BlueParrott B550-XT headset to support motivational speaker Trenell Walker, a former high school football rising star who is paralyzed from the neck down; Jabra headsets to lift the morale of frontline nurses caring for cancer patients; or BlueParrott B350-XT headsets for search and rescue workers to help with communication during flooding in Louisiana, the team is eager to lend a helping hand.



GN Audio North America employees on the Annual Day of Giving, supporting charities to feed the homeless, donate toys to young children from disadvantaged backgrounds, collect gifts and supplies for families in need, and write Christmas greetings cards to veterans in aged care homes



Sustainability governance

Sustainability is integrated into how we run our company, as a consideration in every decision we make. Accordingly, we use our existing business processes to drive this agenda.

Key decisions on sustainability are taken by the Board of Directors and Executive Management, whilst global management teams in the different business divisions are responsible for driving progress, supported by global functions. Sustainability also features consistently in other senior management meetings, product boards and business reviews.

Our policies

GN has implemented policies covering all key ESG areas. We continuously add and update policies in line with legislative or strategic changes.

We use our policies in different ways. The Anti-Corruption Policy, Gifts, travel and entertainment Policy, and Ethics Guide (GN’s code of conduct) are internal guidelines that all relevant employees have to sign. For the Ethics Guide, relevant employees are required to do an online compliance training and pass a test. All managers are required to sign the Non-retaliation Policy, as part of an internal manager compliance guideline. The Codes of Conduct, Conflict Minerals Policy, Modern Slavery and Supply Chain Disclosure Policies and Responsible Sourcing Policy are requirements for relevant suppliers. The CSR Policy, Diversity Policy, Flexible Work Policy, Privacy Policy, Quality Policies, Remuneration Policy, and Tax Policy describe internal guidelines and processes that help drive our ESG performance.

All policies are available on our website gn.com

| Policy | What it covers | E | S | G |
|--|---|---|---|---|
| Anti-corruption Policy | How GN employees, suppliers, customers, and third-party representatives are expected to conduct business the right way, in compliance with all applicable anti-bribery and anti-corruption laws, including (but not limited to) the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. | | ● | ● |
| Codes of Conduct GN Audio and GN Hearing | How GN employees and suppliers are expected to conduct business with respect to human rights, environmental standards, and ethical business practices across the value chain. | ● | ● | ● |
| Conflict Minerals Policy | GN’s requirements and supporting due diligence process to ensure our suppliers do not source conflict minerals to be used in our products. | | ● | ● |
| CSR Policy | GN’s general approach to CSR across all ESG areas. | ● | ● | ● |
| Diversity Policy | GN’s initiatives and tools to drive greater diversity and inclusion across GN. | | ● | ● |
| Ethics Guide | The responsibilities and guidelines that describe the ethical standard expected of all GN employees, as well as a decision-making process supporting the resolution of ethical issues. | | ● | ● |
| Flexible Work Policy | How GN ensures a healthy work-life balance for employees by allowing for optimization of work arrangements based on individual circumstances. | | ● | |
| Gifts, travel, and entertainment Policy | Guidelines for gifts, travel, and entertainment in GN, within the wider anti-corruption policy. | | | ● |
| Modern Slavery and Supply Chain Disclosure | GN’s policies and procedures to comply with the UK Modern Slavery Act (2015) and the California Transparency in Supply Chains Act (2012). | | ● | ● |
| Non-retaliation Policy | GN’s commitment to ensure that any employee who reports detected or suspected misconduct to a senior manager will not suffer any kind of retaliation or repercussion as a result thereof. | | ● | ● |
| Privacy Policy | How GN protects personal data belonging to customers, users, and employees. | | ● | ● |
| Quality Policies GN Audio and GN Hearing | GN Audio and GN Hearing’s values and processes that ensure we foster a quality culture with the objective to develop, manufacture and market products and services with superior quality as perceived by customers. | ● | ● | ● |
| Remuneration Policy | The guidelines for remuneration, including incentive pay, to members of GN’s registered management and such members’ remuneration in GN’s wholly-owned subsidiaries, as well as remuneration to GN’s Board of Directors, in accordance with Section 4 of the Recommendations on Corporate Governance and Section 139 of the Danish Companies Act. | | | ● |
| Responsible Sourcing Policy GN Audio | GN Audio’s application of the ten principles of the UN Global Compact in sourcing. | ● | ● | ● |
| Tax Policy | How GN pays its taxes in a responsible way | | | ● |

Stakeholder engagement

GN is committed to open dialogue with all our stakeholders. We proactively communicate with our stakeholder groups and respond to requests for information about our business.



Customers

We proactively engage with customer groups to improve our products. We are keen to understand our customers' and partners' sustainability requirements and aim to meet these standards.

GN Audio's customers can find support from our after-market customer support teams via our website, call centers, social media, and other sales channels. Likewise, dedicated teams across all regions provide comprehensive support to GN Hearing's Hearing Care Professional (HCP) customers and hearing aid users.



Employees

Employees engage with their direct leader through regular dialogues and twice-yearly professional development discussions. Organizational information and news are available to all on GN's intranet, and employees can actively engage with GN activities on social media. All employees are encouraged to participate in the twice-yearly engagement survey, a tool which enables leaders and employees to address strengths as well as areas of improvement. Employees can approach their relevant Human Resources business partner for confidential discussions, as well as report any concerns to a confidential whistleblower hotline, GN Alertline. GN has robust processes in place to protect the health and safety of employees on manufacturing sites. See more in 'Engaged and focused people' and 'Sustainable operations'.



Interest groups

We support the United Nation's SDGs through our membership of the UN Global Compact.

It is GN's ambition to provide as many people as possible with access to life-changing hearing care. Our efforts to raise awareness of hearing loss and the benefits of early treatment include our participation in industry groups such as the European Hearing Instrument Manufacturers Association (EHIMA) and promotion of the World Health Organization's World Hearing Day. See more about our efforts to extend the reach of hearing care in 'Community and grassroots support'.

GN Audio is a member of the Responsible Mining Initiative, which assists us in ensuring our suppliers do not use conflict minerals. See more in 'Sustainable Operations'.



Investors

GN discloses ESG data in relevant areas through our annual ESG report, at our Annual General Meeting, and where relevant directly on request to ESG rating agencies and investors. To ensure our ESG disclosures always meet investor requirements, we welcome dialogue with our investors on ESG topics at any time.



Regulatory authorities

GN assesses relevant regulations on an ongoing basis and ensures we comply with all relevant legislation. We monitor developments and new legislation and proactively respond to information requests regarding compliance. See 'Sustainability governance' for further details.



Suppliers

We expect our suppliers to uphold the same standards that we set for ourselves. We audit our suppliers to ensure they comply with the UN Guiding Principles of Responsible Business and GN's supplier codes of conduct and policies (See 'Sustainability governance'). We work in partnership with our suppliers to support their compliance, and we also expect that they act to rectify any breaches. See 'Sustainable operations' and 'Sustainable products and packaging' for further details.

About this report

This report is produced in compliance with articles 99a, 99b and 107d of the Danish Financial Statements Act

Article 99a

| | |
|---------------------------|---|
| Sustainability Definition | See "Our approach to sustainability" on page 4 |
| Business Model | See "Business model" on page 33 |
| Governance | See "Sustainability governance" on page 25 |
| Due Diligence Processes | This is covered across different chapters on pages 6-24 |
| Risks | This is covered across different chapters on pages 6-24 |
| KPIs | See Appendices on pages 29-34 |
| Results | This is covered across different chapters on pages 6-24 |

Article 99b

| | |
|--|---|
| Gender Diversity Target for Board of Directors | See "Engaged and focused people" on pages 11-12 |
| Gender Diversity Policy and Actions in Senior Management | See "Engaged and focused people" on pages 11-12 |

Article 107d

| | |
|---|---|
| Policies and actions to promote diversity for the Board of Directors and Executive Management | See "Engaged and focused people" on pages 11-12 |
|---|---|

Our materiality process

To get a full picture of the extent to which different sustainability areas are material to GN and our stakeholders, in 2020 we scored a wide range of topics against their relevance for different stakeholders and frameworks, and aggregated the insights to set prioritization for our 2025 goals and our broader sustainability strategy. We do not see prioritization based on materiality assessments as a static process and continuously adjust our priorities and actions based on changing legislative, stakeholder preferences and developments in sustainability/ESG frameworks. Below is an overview of the way we consult different stakeholders and frameworks on materiality:

| | |
|--------------------------------------|---|
| Legislation | We map existing and expected sustainability legislation in all regions in which we operate on an ongoing basis, in order to ensure we work proactively in areas of increasing legislation, such as low-VOC paint requirements in China and extended producer responsibility legislation in the EU |
| Customers | We are in continuous dialogue with customers to understand their priorities in terms of sustainability for our products |
| Investors | We are in continuous dialogue with investors to understand their priorities in terms of sustainability/ESG for GN |
| Employees | Sustainability features regularly on a wide range of internal discussion and decision platforms which helped us map sustainability preferences of our employees. The GN Audio sustainability-themed innovation challenge (see page 14) is an example on how we sourced our employees' knowledge and preferences on sustainability |
| Reporting frameworks | We considered guidance on industry materiality for all industries in which GN is active from amongst others GRI and SASB |
| ESG rating agencies | We considered guidance on industry materiality for all industries in which GN is active from amongst others GRI and SASB |
| Sustainable Development Goals (SDGs) | As described on page 5, we mapped our value chain against the SDGs and the underlying targets to establish societal risks and opportunities for all parts of our value chain |

| Value Chain | Main risks | Main opportunities | Relevant SDGs |
|--|--|--|---------------|
| Raw Material Sourcing | Virgin and fossil material use Conflict minerals | Sustainable product design | 8 and 12 |
| Suppliers | Labor rights and conditions | | 8 and 12 |
| Company activities (R&D, sales and marketing, corporate functions) | Business ethics | Innovative products Diversity and inclusion in the workforce | 5, 9 and 12 |
| Manufacturing | Carbon emissions Waste Labor rights and conditions | | 8, 12 and 13 |
| Distribution | Carbon emissions | | 13 |
| Product Use | Carbon emissions | Health and well-being Carbon reduction through (video) conferencing | 3 and 13 |
| Product end-of-life | Waste | Recycling, circular business models | 12 |

Sustainability, Responsibility, CSR or ESG?

The terminology to describe non-financial performance differs widely depending on who you ask and where they are based.

As this report is written for all interested stakeholders across the world, we use the terms sustainability, responsibility, corporate social responsibility (CSR) and environmental, social and governance (ESG) interchangeably, depending on the context. But they all refer to the same: how GN addresses environmental, social or governance related risks and opportunities, both in relation to our business and to society as a whole, in order to maximize our positive impact on the world.

Appendix 1: GN's 2025 sustainability goals

| Climate change | | | | |
|--|---|---|--|---|
| Goals | Why it is important | How we measure it | Baseline | Key actions to achieve goal (not exhaustive) |
| Climate neutral in scopes 1+2 emissions |  <p>The science is clear: climate change is the major environmental challenge of our time. As a company that operates globally, we have a role to play in addressing this issue.</p> | CO2e emissions in scope 1+2, as defined by the GHG Protocol | 11,776 tons of CO2e (2020) | See actions below |
| Renewable energy for all owned sites | | Total CO2e emissions related to energy use in owned sites | 11,132 tons of CO2e (2020) | <ul style="list-style-type: none"> Renewable energy partnerships, including RE generation on site where relevant Purchase Energy Attributable Certificates |
| Switching to clean cars | | Total CO2e emissions related to company cars | 644 tons of CO2e (2020) | <ul style="list-style-type: none"> Adjust car policy and processes to switch to zero or low emissions vehicles Purchase carbon offsetting certificates for remaining emissions |
| Reduce our scope 3 emissions | | Total CO2e emissions in scope 3, as defined by the GHG Protocol | 447,811 tons of CO2e (2019) | See actions below |
| Halving carbon emissions from company air travel | | Total CO2e emissions related to company air travel, relative to the number of employees | 16,399 tons of CO2e (total), 2.5 tons CO2e per employee (2019) | <ul style="list-style-type: none"> Integrate target into internal air travel budgets and limits Purchase carbon offsetting certificates for remaining emissions |
| Driving sustainability into our manufacturing and distribution | | Total CO2e emissions related to manufacturing and distribution | 71,567 tons of CO2e (2019) | <ul style="list-style-type: none"> Roll out new operations strategy in GN Audio that includes more local assembly and packaging Develop further ways to reduce manufacturing and distribution footprint, such as renewable energy for suppliers, reducing air freight and further operational optimizations |
| Helping our customers make more sustainable choices | | | | <ul style="list-style-type: none"> Continue developing solutions that allow for remote collaboration |

| Sustainable products and packaging ¹ | | | | |
|---|---|---|--|---|
| Goals | Why it is important | How we measure it | Baseline | Key actions to achieve goal (not exhaustive) |
| Use at least 50% sustainable materials in all new products |    | % of either recycled or bio-based content (taking into account that materials are often a mixture of sustainable and non-sustainable material), as a % of total weight of materials for which sustainable alternatives exist (i.e. plastics, metals, fabrics) | 0% | <ul style="list-style-type: none"> • Execute tech studies to identify suitable sustainable materials • Integrate sustainable materials into products |
| Sustainable packaging (zero or minimal plastic, small size, FSC) ² |  <p>We can make a real impact by making our products and packaging more sustainable, whilst we aim to also meet customer and regulatory pressure for sustainability in products and packaging</p> | # of packs that use zero or minimal plastic, are minimal size and FSC certified | Baseline is the following products: Jabra Evolve2 (partly), Jabra Elite 85t (fully) | <ul style="list-style-type: none"> • Integrate goals into packaging projects across GN |
| Expand take-back schemes to all relevant products and regions ³ | | # of takeback schemes per product family and region in GN Audio | GN Audio has take-back schemes in NA and EMEA for selected products | <ul style="list-style-type: none"> • Launch additional take-back schemes • Expand existing take-back schemes to increase return rates and improve recycling |
| Give more products a second life through repair and refurbishment | | # of products that are either recycled or repaired in GN Audio | Baseline of products repaired or refurbished in GN Audio not disclosed for competitive reasons | <ul style="list-style-type: none"> • Improve repairability in product development, as part of sustainable product development requirements in GN Audio • Expand repairability capabilities and refurbishment partnerships |

¹ GN Audio has a bigger environmental footprint related to products, which is why this division initially takes the lead in this area. GN Hearing will benefit from insights

² By dramatically reducing the use of plastic we mean we will only use plastic if it is unavoidable (for example to ensure product safety) or when using plastic for a specific application is more sustainable than alternatives.

³ A take-back scheme is relevant if it leads to a positive sustainability effect, where the environmental benefit of saving on raw materials and manufacturing is higher than the environmental footprint of return-distribution. GN Audio only.

| Health | | | | |
|---|--|---|--|--|
| Goals | Why it is important | How we measure it | Baseline | Key actions to achieve goal (not exhaustive) |
| Help 10 million+ people Hear More, Do More and Be More |  <p>Leverage our core strengths to make a real difference in people’s lives</p> | Internal analysis based on among others WHO, World Bank, EHIMA and internal data on including global hearing instrument volumes, hearing instrument lifetime and bilateral application factor | Approx. 9 million people helped (2019) | <ul style="list-style-type: none"> • Execute GN Hearing strategy to drive growth |
| Continue to create awareness of hearing loss and break down stigmas | | | Only ~17% of people who could benefit from hearing aids use them (WHO). People wait on average 10 years before seeking hearing treatment (Shield, B. 2019) | <ul style="list-style-type: none"> • Execute GN Hearing strategy to create greater awareness and break down stigmas |
| Prevent stress and hearing loss through new health functionalities in our products | | | Jabra Smart-Sound, Active Noise Cancellation | <ul style="list-style-type: none"> • Assess viability and user preferences of new health functionalities and integrate into products |
| Continue to support unmet hearing health needs through donations and capacity-building in local partnerships and supported by the GN Foundation and Beltone Hearing Care Foundation | | | See Giving Back on page 23 | <ul style="list-style-type: none"> • Strengthen Foundations work in product donations and capacity building • Develop NGO partnership based around hearing health through prevention or product donation |

Appendix 2: ESG data

Because of the nature of GN's business the company's negative ESG impact is relatively limited. That said, we are committed to the global ESG agenda and have defined climate change, sustainable products and packaging, and health as the three key areas where we can make true impact

| Dimension | Units | 2017 | 2018 | 2019 | 2020 | 2025 Goal |
|--|---|----------|-----------|-----------|-----------------|----------------------------------|
| Environmental | | | | | | |
| Carbon emissions in Scope 1 | tons CO2e | NA | NA | 695 | 644 | 0 |
| Carbon emissions in Scope 2 | tons CO2e | NA | NA | 11,506 | 11,132 | 0 |
| Carbon emissions in Scope 3 | tons CO2e | NA | NA | 447,811 | ¹ | See page 21 |
| Energy use in our owned manufacturing sites ² | kWh per product/component produced | 1.22 | 1.14 | 1.15 | 1.19 | |
| Waste in our owned manufacturing sites ² | Kg per product/component produced | 0.034 | 0.033 | 0.037 | 0.035 | |
| Water use in our owned manufacturing sites ³ | m3 per employee | 18.5 | 18.9 | 18.5 | 15.8 | |
| E-waste recycling financed (total) ⁴ | tons | 2,548 | 2,788 | 3,671 | 4,864 | continuous improvement |
| Social | | | | | | |
| Supplier CSR Audits | # Audits of tier 1 and key tier 2 suppliers | 35 | 39 | 49 | 39 ⁵ | |
| Conflict Minerals Reporting Templates received | % CMRTs received | 98% | 98% | 98% | 97% | 100% |
| Governance | | | | | | |
| Women in Board of Directors | % women | 33% | 50% | 40% | 57% | >40% for underrepresented gender |
| Women in Senior Management | | 17% | 20% | 20% | 21% | >25% |
| Whistleblower cases | Number of cases (% resolved by end of year) | 8 (100%) | 10 (100%) | 15 (100%) | 14 (100%) | NA ⁶ (100%) |

¹ We completed an assessment of our Scope 3 emissions in 2020 based on 2019 data. We will reassess our Scope 3 footprint in 2021

² As most energy use and waste is related to component or product manufacturing, this is measured against the number of components or products produced at our own sites in China, Malaysia, US and UK. GN Audio is not included, as manufacturing is outsourced

³ As most water use is related to sanitary facilities, we measure this against the number of employees at our own sites in China, Malaysia, US and UK. GN Audio is not included, as manufacturing is outsourced.

⁴ This covers countries in which we are required to finance electronic waste recycling through the WEEE Directive in the EU. Includes products, batteries, and packaging (both plastic and cardboard), GN Audio only.

⁵ Impacted by COVID-19

⁶ The number of whistleblower cases should show a stable development without major yearly deviations, relative to the company's number of employees, and reflecting the geographies in which the company operates. Accordingly, a specific target number cannot be set.

Appendix 3: Business model

GN’s lean and agile business model positions the group strongly to seize multiple business opportunities driven by global megatrends whilst creating true and sustainable value for our stakeholders and society as a whole

The positive impact GN creates for society lies first and foremost in the improved hearing health, well-being and productivity experienced by the users of our products. We strive to maximize this impact by developing and producing superior products and services. Beyond that, we create decent employment for our own 6,525 employees and many more across our global supply chain.

Furthermore, we create economic benefits in the form of taxes and shareholder value. We drive innovation in our industries and our audio products can also help customers reduce their carbon footprint by reducing travel. We strive to be a responsible business in terms of mitigating the environmental, social and governance risks we could contribute to through our products and operations.



Attractive megatrends

A growing and aging world population as well as personal communication trends offer opportunities for intelligent audio solutions in industries with currently low penetration rates.



Innovation leadership

GN’s sound technologies and experience are directed at consistently developing unmatched user benefits. Our strict innovation focus has ensured multiple industry firsts.



Strong partnerships

Strong track record of strategic partnerships with leading channels, customers, and adjacent industry leaders.



Synergistic M&A

Merger and acquisition activities to support channel access, commercial excellence, and technology leadership as well as to streamline activities.



Execution excellence

Flawless end-to-end execution from customer insights via research and development, quality manufacturing, efficient logistics, marketing, channel, and sales.



Agile and asset light

A lean business model, with no owned retail, ensures a strong position in relation to future distribution trends and an asset light business model.



Sustainable business

Throughout GN’s long and rich history, we have strongly anchored responsible business practices. Our sustainability framework allows us to address environmental, social and governance topics proactively to ensure real and lasting positive impact.



Customer experience

Utilizing synergies derived from GN’s audio and hearing technologies and expertise, GN is able to significantly improve and personalize customers’ hearing and listening experiences in audio and hearing products.



Retain and attract talent

Driving an organization with highly skilled and engaged people, ensuring a level playing field with equal opportunity for all, ensuring people and talent development at all levels, and ensuring leadership the GN Way where we actively listen, challenge, and transform.



GN Store Nord A/S

Lautrupbjerg 7
DK-2750 Ballerup
Denmark

Co. reg. no 24257843

+45 45 75 00 00
info@gn.com
gn.com

© 2021 GN Store Nord A/S. All rights reserved. Jabra and BlueParrott are trademarks of GN Audio A/S. ReSound, Interton and FalCom are trademarks of GN Hearing A/S. Beltone is a trademark of GN Hearing Care Corporation. All other trademarks and logos included herein are the property of their respective owners.